Centre for Urban and Regional Studies Publications A 36
Studies in Architecture 2009/36

Espoo 2009

CITIES FOR SALE

How economic globalization transforms the local public sphere

Kaarin Taipale

TEKNILLINEN KORKEAKOULU
TEKNISKA HÖGSKOLAN
HELSINKI UNIVERSITY OF TECHNOLOGY
TECHNISCHE UNIVERSITÄT HELSINKI
UNIVERSITE DE TECHNOLOGIE D'HELSINKI

Centre for Urban and Regional Studies Publications A 36
Studies in Architecture 2009/36
Espoo 2009

CITIES FOR SALE

How economic globalization transforms the local public sphere

Kaarin Taipale

Dissertation for the degree of Doctor of Technology
to be presented with due permission of the Department
of Architecture for public examination and debate in
Lecture Hall G at Helsinki University of Technology (Espoo,
Finland) on the 13th of March, 2009, at 12 o'clock noon.

Helsinki University of Technology
Centre for Urban and Regional Studies
Department of Architecture

Distribution:
Helsinki University of Technology
Centre for Urban and Regional Studies
PB 9300
FIN-02015 HUT
Tel. +358-9-451 4083
Fax +358-9-451 4071
E-mail: ytk-tilaus@tkk.fi
Http://www.tkk.fi/Yksikot/YTK/

Photos Kaarin Taipale
Layout Marina Johansson

ISBN 978-951-22-9794-8
ISBN 978-952-248-049-1 (PDF)
ISSN 1455-7789
ISSN 1797-3511

Yliopistopaino
Finland, Espoo 2009

Centre for Urban and Regional Studies Publications A 36
Espoo 2009

CITIES FOR SALE

How economic globalization transforms the local public sphere

Kaarin Taipale

Helsinki University of Technology
Centre for Urban and Regional Studies

Distribution:
Helsinki University of Technology
Centre for Urban and Regional Studies
PB 9300
FIN-02015 HUT
Tel. +358-9-451 4083
Fax +358-9-451 4071
E-mail: ytk-tilaus@tkk.fi
Http://www.tkk.fi/Yksikot/YTK/

Photos Kaarin Taipale
Layout Marina Johansson

ISBN 978-951-22-9794-8
ISSN 1455-7789

Yliopistopaino Oy
Finland, Espoo 2009

CONTENT

PART B: CONCEPTUAL FRAMEWORK

FOREWORD

"Human space is being constantly narrowed down."[1]

After years of a professional life spent observing the natural and the built environment from various perspectives, I felt I simply knew too little about too many things. I decided to do research in order to deepen my understanding of some particular field. In a discussion with the former Canadian diplomat Margaret Catley-Carlson I mentioned my plan, and was shaken quite a bit by her comment: "Why? The world needs generalists, not more specialists!" Now, a few years later, I understand much better what she meant. So, I've ended up writing a thesis crossing over from cities to globalization, from urban space to the public sphere, from public to private organizations and from political decision-making processes to the critique of neoliberalism.

Even if writing is a quintessentially lonely job, I've been blessed with a lot of support and advice. Dr. Seija Kulkki generously offered me a room of my own at the Center for Knowledge and Innovation Research (CKIR) of the Helsinki School of Economics (HSE) and introduced me to Professor Risto Tainio, who immediately grasped what I was trying to do – even before I understood it myself. At the HSE, Johanna Moisander patiently taught the basics of research methodology to a complete newcomer, and Risto reminded me that research could be seen as "the description of a process that leads to an interesting outcome". Dr. Tapio Katko at Tampere University of Technology (TUT) allowed me to participate in the seminars of an enthusiastic group of water researchers. Professor Hilkka Lehtonen suggested attending the course for urbanists at the Centre for Urban and Regional Studies (YTK) at the Helsinki University of Technology (HUT), which provided the opportunity to read and write more. Mervi Ilmonen at YTK was one of the early supporters of my work. Later at HUT, Professor Kimmo Lapintie kindly agreed to become my supervisor. In the "Doctoral Stables" of

1 Kautto, Otso, a playwright in a radio interview (YLE Radio 1, 17.3.2007). Originally in Finnish "Ihmisen tila kapenee koko ajan".

HUT, among other colleagues, Professor Peter Ache also offered solid advice. Dr. Tuula Karjalainen provided good comments. Professors Leena Eräsaari (Jyväskylä) and Ali Madanipour (Manchester) devoted their precious time as pre-examiners. Ian Bourgeot generously offered to spot the worst mistakes in the original English text, which was also skilfully proofread by Kathleen Ryan in Toronto. Financially, I was able to survive these years thanks to a project commissioned by the Ministry of the Environment of Finland to chair and coordinate the Marrakech Task Force on Sustainable Buildings and Construction. The Holcim Foundation for Sustainable Construction has been kind in using me as a globally travelling preacher-woman to lecture about sustainability in the built environment. Without these exciting, if time consuming, side jobs this project would not have been possible. Throughout the years, my researcher colleague Patrizia and my old friend Jouko have kept gently prodding me and asking about the slow progress of my endeavour, thank you for that, too.

Helsinki, January 29, 2009

Kaarin Taipale

"The aim of this thesis is to bring that world in which we think closer to that in which we see."[2]

[2] Quoted from the abstract of João Francisco Figueira's thesis Images at Work (2009) Espoo: YTK

ABSTRACT

The main **argument** of the thesis is that since the 1980s economic globalization has, among other phenomena, led to an incremental, continuous privatization of public assets and services not only at the national but also at the local level all over the world. It seems that this privatization process follows a pattern, which has certain similarities everywhere, regardless of what is being privatized. As an outcome, the urban public sphere is disintegrating while it is being emptied of its public elements.

The three key **themes** of the thesis are: *the public sphere*, *privatization*, and *urban context*. Public sphere has a definition in constant transition, consisting of several overlapping layers, such as the political realm, virtual domains, public services and urban infrastructure, and urban space. The contents of the public sphere are matters of common interest that call for participatory decision-making by all for all. To discuss the privatization of the public sphere – not the commercialization of public space – as a process, the baseline conditions of the public and the private also have to be clarified. Local and urban are often used as synonyms here, as counterparts of global and supranational. The four key concepts – local and global, public and private – thus identify the two orthogonal axes outlining the context of the study.

Glocalization is a term to describe inter-linkages between globalization and cities. Cities are chosen as context, first as the level of government closest to the people. Second, since globally the majority of people live in cities. Third, the role of cities seems to be changing. Global institutions and multinational private companies increasingly regard cities as equally important as nation states to serve as their domiciles and territories for action. Globalization of financial markets and patterns of consumption and production bring new items to the local decision making agenda. The provision of basic public services, which has often been the responsibility of cities, has become a globally traded item. A number of publicly owned, formerly municipal utilities have been privatized in the past two decades. Outsourced local public services are now increasingly delivered by multinational shareholder companies.

The **research question** calls for the description of a privatization process, through which economic globalization impacts the local public sphere. A single case study depicts the decision making process concerning the privatization of a small but highly visible element of urban infrastructure: bus shelters. It is irrelevant which specific layer of the local public sphere is the topic of the case, because the global public sphere is assumed to be one single sphere, consisting of different elements. By embedding the case in the context of similar documented cases, the pattern of a privatization process of elements in the urban public sphere will emerge. Argumentation analysis will assist in defining drivers of the process.

The thesis has two **outcomes**. The first one describes a process by which elements of the local public sphere are gradually being relocated to the global private sphere, and how this governance process becomes an entrance for economic globalization to access the local level. The second one, a postscript, draws urbanistic and urban policy conclusions. Cities can be read as a text. Not the appearance of public urban space, but the substance of the urban public sphere can be a rearview mirror reflecting decisions which have led to its reformation. Changes in our urban landscape may be shaped more by global political and economic decisions than by the seemingly more visible results of local urbanists, traffic planners and architects. Among other things, cities will need a renewed portfolio of municipal “foreign affairs”, because the global level that sets the rules for all has until now been inaccessible to cities.

As to the **relevance** of the thesis, patterns and impacts of economic globalization on cities are probably not fully understood, yet. This research tries to link some changes in the urban public sphere with the global evolution of public and private organizations.

Key words: public sphere, urban space, public space, globalization, privatization.

TIIVISTELMÄ

Tutkimuksen **pääargumentti** on, että 1980-luvulta alkaen talouden globalisaatio on muiden vaikutusten rinnalla johtanut myös jatkuvaan, pala palalta etenevään julkisen omaisuuden ja julkisten palveluiden yksityistämiseen ei vain valtioiden vaan myös kuntien tasolla kaikkialla maailmassa. Tämä yksityistymisprosessi näyttää noudattavan kaavaa, jossa on tiettyjä yhtäläisyyksiä kaikkialla, riippumatta yksityistämiskohteen ominaislaadusta. Tämän seurauksena julkisuus murenee, koska sen julkiset elementit katoavat.

Väitöskirjan keskeisimmät **aiheet** ovat: julkisuus (the public sphere), yksityistäminen ja kaupunkikonteksti. Julkisuus, tai julkinen sfääri, on määritelmällisesti jatkuvassa muutoksessa, koska se muodostuu useista päällekkäisistä kerrostumista, joita ovat poliittisen päätöksenteon tila, virtuaaliympäristöt, julkiset palvelut, julkiset infrastruktuurit ja julkinen kaupunkitila. Julkisuuden sisältö muodostuu yleisen edun toteutumisen vaatimista osatekijöistä, joita koskevan päätöksenteon on oltava kaikille avointa. Jotta voidaan keskustella julkisuuden yksityistymisestä prosessina – ei esimerkiksi julkisen tilan kaupallistumisesta – on tunnettava yksityisen ja julkisen käsitteelliset lähtökohdat. Paikallistaso ja kaupunki –käsitteitä käytetään tässä tekstissä usein tarkoittamaan samaa asiaa, vastakohtaa maailmanlaajuiselle ja ylikansalliselle. Neljä avainkäsitettä – paikallinen ja globaali, julkinen ja yksityinen – määrittävät nelikentän, joka raamittaa tutkimuskontekstin.

Glokalisaatio-termiä kuvaa globalisaation ja paikallistason välisiä keskinäisiä sidoksia. Kaupungit on valittu tarkasteluympäristöksi ensinnäkin, koska ne ovat kansalaista lähimpänä oleva hallintoporras. Toiseksi, enemmistö maailman väestöstä asuu kaupungeissa. Kolmanneksi, kaupunkien rooli näyttää olevan muuttumassa. Yhä useammat globaalit instituutiot ja ylikansalliset yritykset näkevät kaupungit kotipaikkanaan ja toiminta-alueenaan siinä missä aiemmin kansallisvaltiot. Rahoitusmarkkinoiden ja kulutus- ja tuotantotapojen globalisaatio tuo uusia asiakohtia paikallisen päätöksenteon esityslistoille. Julkisten perustehtävien hoitoa on usein pidetty paikallishallinnon asiana, mutta siitä

on tullut globaalimarkkinoilla myytävää kauppatavaraa. Koko joukko julkisessa omistuksessa olleita, entisiä kaupunkien teknisiä laitoksia on yksityistetty kahden viime vuosikymmenen aikana. Paikallishallinnon ulkoistamia julkisia palveluita tuottavat yhä useammin monikansalliset pörssiyhtiöt.

Tutkimuskysymys pyrkii kuvaamaan privatisaatioprosessin, jonka kautta talouden globalisaation vaikutukset tuntuvat suoraan paikallistasolla. Yksittäinen tapaustutkimus kuvaa päätöksentekoprosessia, joka koskee sinänsä vähäistä mutta näkyvää kaupungin julkisen infrastruktuurin osaa, bussikatoksia. On yhdentekevää, mikä kaupunkijulkisuuden kerrostumista ja sen elementeistä on valittu tapaustutkimuksen kohteeksi, koska julkisuutta tarkastellaan yhtenäisenä kokonaisuutena, vaikka se muodostuu eri osista. Tapaustutkimus asetetaan laajempaan yhteyteen vastaavien dokumentoitujen tapausten kanssa. Aineiston perusteella voi hahmotella kaavaa, jota kaupunkijulkisuuden elementtien yksityistäminen noudattaa. Argumentaatioanalyysiä käytetään määriteltäessä tekijöitä, jotka edistävät prosessia.

Väitöstutkimus tuottaa kaksi **tulosta**. Ensimmäinen on kuvaus prosessista, jolla paikallisen julkisuuden elementtejä siirretään vähitellen globaaliin yksityisyyteen, ja eräistä keinoista, joilla tästä hallinnointiprosessista tulee väylä, jonka kautta talouden globalisaatio ulottuu paikallistasolle. Toinen on jälkikirjoitus, joka vetää kaupunkitutkimuksellisia ja kaupunkipoliittisia johtopäätöksiä. Kaupunkia voi lukea kuin tekstiä. Kaupungin muuttumiseen johtaneet päätökset heijastuvat siinä, millainen sen julkinen sfääri on. Kyse ei ole siitä, miltä julkinen kaupunkitila näyttää, vaan siitä, mitä julkisia elementtejä kaupungissa on jäljellä. Todennäköisesti kaupunkimaiseman muutoksia ohjaavat enemmän globaalit poliittiset ja taloudelliset päätökset kuin paikallisten kaupunki- ja liikennesuunnittelijoiden tai arkkitehtien näyttäviltä vaikuttavat tuotokset. Koska kaupungeilla ei toistaiseksi ole ollut pääsyä kabinetteihin, joissa globaalitason päätöksiä tehdään, niiden on muun muassa alettava solmia uudenlaisia kansainvälistä suhteita.

Väitöstutkimuksen **merkitys** perustuu näkemykseen, ettei talouden globalisaation vaikutuksia paikallistasolla vielä ymmärretä koko laajuudessaan. Tutkimus etsii yhteyksiä kaupunkijulkisuudessa tapahtuvien muutosten ja julkisten ja yksityisten organisaatioiden globaalien kehityssuuntien välillä.

Avainsanoja: julkisuus, kaupunkitila, julkinen tila, globalisaatio, yksityistäminen.

Part A

Introduction and method toolbox

1 Introduction

1.1 Overview

The structure of the thesis consists of four parts (A–D) and a Postscript.

Part A includes the *introduction* and the *toolbox of methods*. Chapter one, the introduction, describes the context, *glocalization*, in which the research question is embedded. A literature review looks at various interpretations of the contemporary urban condition, and a missing viewpoint is suggested. Chapter two portrays the methods, tools and empirical material that have been used.

Part B portrays the *theoretical framework*. Chapter three focuses on the local and the public, on the urban public sphere. It refers to the writings of Jürgen Habermas and Hannah Arendt. Chapter four discusses the global and the private, privatization in the quadrant of global, local, public and private, and the tensions within the fields defined by them. These tensions become visible as pressures towards globalization and privatization. The research question lies in the missing viewpoint: How, or through which processes, does the globalization of the economy lead to the privatization of elements of the urban public sphere?

Part C includes the *case study* and its *analysis*. Chapter five, based on empirical material, describes the decision making process on the Helsinki bus shelters in 1991. The relevance of this case as a typical process example of privatization of urban public services or infrastructure is supported by references to cases with similar links to economic globalization. Chapter six, uses argumentation analysis to look for, among others, successful 'superarguments' and unrecorded 'absentee arguments' in the decision making process.

Part D draws conclusions. Chapter seven describes the main outcome of the embedded case study: the emerging pattern of a privatization process of the urban public sphere.

Chapter eight is a postscript with suggestions regarding the interpretation of the process description, including the notions of reading cities as political text and of urban foreign policy. Chapters nine and ten include annexes and literature.

The focus of this research is on changes occurring in the public sphere at the local level, in cities. The urban public sphere is observed as a tension field defined by two axes: local-global and public-private. According to my hypothesis, pressures on cities are twofold: first, globalization, which has direct, one-directional impacts at the local level, and second, the private that is sidelining the public sphere.

Urbanists may wonder, why spend so much time elaborating the role of the local level – isn't it obvious? However, the research question has emerged in a global context where cities are considered just one of many spheres of government or of possible frameworks for action, and at times the weakest of them all. Implied in the research hypothesis, however, is the increasing importance of cities. Even if 'local level', 'city' and 'urban' are sometimes used synonymously here, 'local' refers to the juxtaposition of the global, regional, national and local levels, whereas 'city' is a physical, functional, administrative and political entity, an urban municipality.

The title, *Cities for Sale*, refers to my hypothesis that the worldwide privatization processes at the local level since the 1980s follow a similar pattern regardless of location or substance, and that they are driven by economic globalization, financialization in particular. I'll further assume that the impacts of this privatization do not remain invisible and abstract in the political or economic realms, but do in fact penetrate also into the physical public space of cities. The case study concerns bus shelters, a very visible element in the public space, but throughout the text I'll keep referring to examples of less visible elements of the urban public sphere, such as water and energy services.

1.2 The issues: globalization and privatization in the urban public sphere

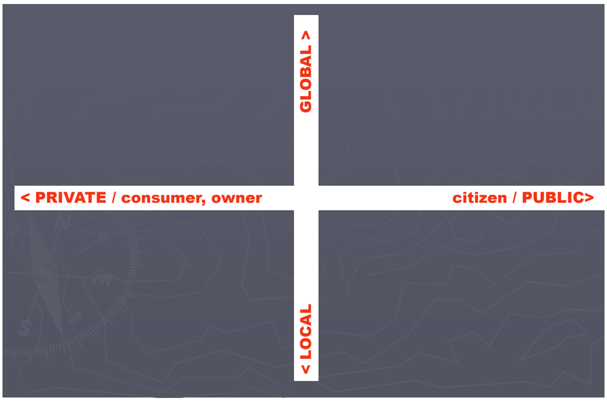


***Figure 1**: The quadrant public-private, global-local demarcates the context of the research.*

The notions – globalization and privatization – are proactive in the sense that they describe a process and not a status quo. But if already the ancient Greeks used the market place, *agora*, for speaking and making decisions about common issues, why analyse the privatization of the public sphere in cities of today? Has anything really changed? Is there a real, discernible transformation taking place in the public character of the urban public sphere? How, through what kind of a process, does this change happen? Does it become visible in the physical world, too? How far can it be attributed to the globalization of the economy? What would be the conclusions if this process is in fact taking place? Are there fewer common issues to debate and decide about, if the provision of public services and infrastructure is in the hands of private multinationals, which don't participate in the debates on the *agora*?

Post-Seattle[3], when **globalization** became a daily buzz-word, it was almost exclusively used in connection with world trade and economic

[3] The Ministerial Conference of the World Trade Organization was organized in Seattle, US in 1999. It is remembered particularly because of the massive anti-globalization demonstrations with an estimated 40 000 participants.

issues – often either by non-governmental organizations fiercely opposing it, or by private companies and politicians, equally non-critical in lauding its benefits. People would have looked perplexed if I had spoken about cities and globalization in the same breath. Now, however "The study of globalisation as the increasing interconnectedness between all aspects of social, cultural, economic, and political space has seen an unprecedented interest across social and political sciences, humanities, and urban studies".[4] Just 15 years ago, a deputy mayor in Helsinki made it clear that foreign policy ought not to be within the mandate of cities.[5] Now this comment seems hopelessly outdated. At least international city marketing and regional, if not worldwide, networking is at the top of many mayors' agendas – but that may not suffice any more.

What is the impact of economic globalization on cities, in particular? Is there such a thing as the globalization of the local? If I see advertising for global consumer goods in urban public space, isn't it just a straightforward consequence of commercialization, nothing but a benign beauty spot on the face of cities that have always grown around marketplaces? And because products are now being manufactured and sold all around the world, isn't it natural that multinational companies have not only become producers but also sales representatives, advertisers, as well as managers of products and services?

Organizationally, outsourcing is one of the core functions of contemporary global production processes. In parallel to it, one of the developments after the liberalization of financial markets in the 1980s has been the **privatization** of publicly owned enterprises and public services. In many industrialized countries, and certainly in Finland, the 'market economy' has become a mainstream model to the extent that it is regarded as more or less apolitical. As Sassen writes, "[…] the modern western evolution […] developed the private as a sphere marked by neutrality and the absence of politics" (Sassen 2006, 185). "Only

4 From a call for articles by *Open House International*, which is "a refereed scholarly journal concerned with housing, design, and development in the built environment". http://www.openhouse-int.com, e-mail circular 26 March 2007.

5 Exchange with Deputy Mayor Martin Meinander regarding an idea that applying for the status of European Cultural Capital could be considered "urban foreign policy".

left-wing and some green thinking are considered political and ideological[6]", everything else is technocratic and managerial. Hence, privatization of public assets and outsourcing of services has been deemed a rational, non-ideological measure to increase efficiency. The same is true for globalization, which is seen as both the cause and effect of international outsourcing, enabled also by the technological possibilities of information and communication technology (ICT). According to "[…] the dominant rhetoric globalisation is inevitable and we just have to work out the best ways of adapting to it. But globalisation we see at present is not inevitable, it is a project".[7] as one of the many critics of globalization, Doreen Massey, has claimed.

Consequently, what is the contemporary role and character of the **urban public sphere**? Is it primarily a marketplace and a space for logistics or does it continue to be the home base of civil society and democracy? If, according to a popular notion, urban public space is 'the living room' of the citizens, are people understood as citizens or as shareholders, as consumers or as representatives of civil society? Who else has the keys to the living room, which, incidentally would usually be a rather private space in our home? Discussing the transformation of the public sphere (chapter 3), I'll point out that while the concept of *public space* is easy to grasp, it is misleading in this context. Instead, Habermas' term 'public sphere', and Arendt's 'public realm' are more appropriate. How should public space be reinvented[8]? Harvey points to a direction, which I'll follow: "While it may well prove impossible to sort out the relationship between the physicality of urban public space and the politics of the public sphere with any exactitude, there are, I think, some potent points of linkage between them. We do not, after all, experience the city blankly […]" (Low and Smith 2006, 17) In any case, the understanding of these concepts needs to be updated in so far as they have been developed in pre-globalization conditions.

6 Policy researcher Anne Koski quoted in a daily newspaper article by Annamari Sipilä, "Parempi olla porvari" (H.S. 25.3.2007)

7 Massey, Doreen (n.a.) "The geography of power" Red Pepper / Global http://www.redpepper.org.uk/intarch/global1.html [27 March 2007]

8 "Reinventing Public Space" is a subtitle in William J. Mitchell (2000) *e-topia*.

1.3 Context: the contemporary urban condition

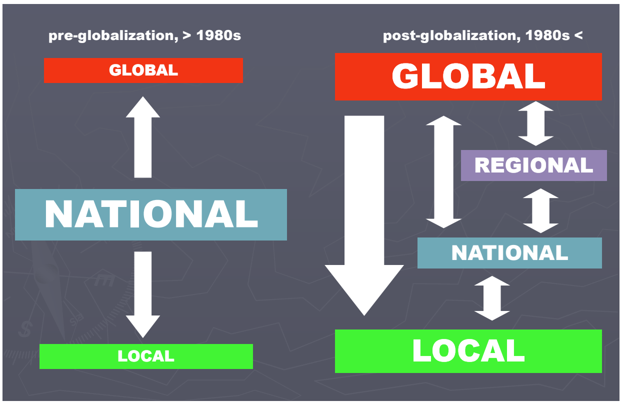


Figure 2: Globalization and glocalization: changing actors, positions and roles.

The purpose of this chapter is to create a pre-understanding of the context of the case study by describing the conditions under which contemporary cities have to operate and develop today. Methodologically, the description of the contemporary urban condition is based on "urban ethnography", on observations and notes made during and after my tenure as Chair of ICLEI – Local Governments for Sustainability. (Taipale 2002, 2004, 2005)

1.3.1 The global urban landscape

In most contemporary cities – in particular those that are being built right now in economies in transition – the private car has total priority over the pedestrian. According to a German study, even the City of Stuttgart subsidized the use of the private car with 145 Euro per inhabitant in 2000 (Krauth, 2001). Public transport infrastructure does not show much respect for the citizen – with a few brilliant exceptions like Bilbao in Spain, and the Jubilee line in London. Shopping malls don't try to disguise their effort to replace public squares and open markets. Instead of public art, global trademarks cover buildings, the walls of public space.

Street facades of downtown commercial buildings become backdrops for digital advertising, which Robert Venturi[9] praises as the ornament of

[9] Source: personal notes from a lecture at the UIA2005Istanbul conference by Robert Venturi, Architecture as Paradox: The Validity of Engaging Universality and Multiculturalism – via not Articulation of Form but Ornamentation of Surface.

our age. In the name of security, access control leads to cities of walls, barbed wire, gates and surveillance cameras. Despite some academic criticism, neighbourhoods with detached houses, two-car garages and no public transport are being advertised as the ultimate utopia all over the world.

Public transit buses carry the logo of a multinational corporation and they are covered with ads of international entertainment and consumer goods industries. By looking at your electricity, water or phone bill you cannot tell who owns the shares of those listed companies, which used to be municipal or state utilities or cooperatives. Defense and security are not solely provided by the army and the police anymore, but are rented out by private security companies to those who can afford it. Big companies offer cities giant screens with loudspeakers 'for free', to be located on central squares, in order to run movie trailers, music videos and car ads. Sports buildings are named after their sponsors, mostly brewing companies looking for bigger market shares, not according to any sport.

1.3.2 New roles for cities

The forces of globalization seem to impact power structures in one-way only: top-down. As a consequence, both the position and role of cities are changing in the context of multilateral institutions and economic globalization. The distinction between position and role is deliberate. It points to *position* as the place where other stakeholders would like to put the cities, and *role* as the proactive part that cities are increasingly willing to play.

As noted earlier, to someone who is not involved in urban issues, the local focus is not self-evident. Why look at an urban issue in a world where everything is global, if not national? The answer is implied in the question: there is probably nothing local any more that is not global at the same time, and nothing global that does not also include a local dimension. The global cannot be studied only at a worldwide level, where it remains an abstraction. It has to be taken down to the local level, where it then becomes reality, where globalization turns into glocalization.

In connection with the public sphere, why not talk simply about the civil society, or of the 'civil sphere'[10], concepts that sound much trendier? They seem to express the present search for open democracy in much stronger terms than cities or local governments, which are assumed to be an embodiment of bureaucracy and the hideaways of petty corruption.

Urban growth figures are staggering. As often noted, since 2005 half of the world's people have become urban dwellers, as opposed to about ten percent only barely a century ago. In 2000, there were 28 megacities with more than 8 million inhabitants in each, 22 of them in the developing world. If current trends continue, by 2025 over 60 per cent of the world's population (about 5.2 billion people) will be living in cities.

A special feature is that poverty is also being urbanized, and a big share of the growth of metropolises happens in informal settlements. City growth manifests itself "largely through the urbanization of the 'rural hinterland' […] a figure of 500,000 hectares per year is presented" (Zetter and Hamza 2004, 29). There are estimates that in 30 years, one out of three people will live in conditions of urban poverty.[11] The accelerating pace of urbanization in developing countries is linked with the globalization of private organizations requiring a new labour force, and hence industrial production and consumption processes. The industrialization of agriculture and the appearance of global monopolies in the seed, fertilizer and farm product markets are probably the one single factor with the widest impact on the explosive growth of cities, where people are driven from rural poverty and farms that are too small to compete.

Why look at cities as a territory of the global public sphere, both as physical entities and as local governments – but not look ast nation states, communities, or buildings? How can globalization have a direct impact on cities, going past nation states? 'Worldwide', 'international',

---

10 *The Civil Sphere* is the title of Jeffrey C. Alexander's book, published in 2006.

11 The original source of the figures is UNCHS, the United Nations Commission for Human Settlements, now called UN-Habitat. Here they are quoted from Zetter, Roger and Mohamed Hamza, eds, (2004) *Market Economy and Urban Change: Impacts in the Developing World*. London and Sterling, VA: Earthscan

‘transnational’, ‘multilateral’, and other similar notions have until now always referred to nation states as being the actors. Until quite recently, cities have been unseen and unheard at the global level, in institutions such as the United Nations (UN), the World Trade Organization (WTO), or the World Bank (WB). They all have only nation states as their members. At the UN cities are regarded as part of civil society, just like any non-governmental organization (NGO). At the same time, the supranational institutions also define the playing field for cities. Free trade agreements, trade in services in particular, environmental agreements, or regulations that have impact on water and energy services, are examples of multilateral agreements or global policies that have direct impact at the local level.

The notion of cities as growing in importance may seem like overstating the obvious, but I keep pushing the point. It is difficult to truly comprehend what cities are about, how they function, and what is the role and mandate of local political decision-making in the present context. I don’t know the origins of the often quoted metaphor of “cities as drivers (or locomotives) of (local) economies”. Maybe it was at the time when agriculture, forestry, mining, fishing, and other non-urban industries had clearly lost their place as the primary sources of revenue in a society. Maybe mayors grew tired of trying to explain in so many words to their national governments why their cities needed more autonomy and support, and came up with the only valid argument: money. Mayors asked their statistics offices and economists to produce figures that would show how much of the GNP is generated in cities. Not only are company headquarters, universities, research institutes, sales showrooms and logistics nodes located in urban areas but it has been possible to prove that companies profit from the many public services that cities provide. A multinational company does not just settle in a country but in a specific location with particular services. The private sector knows that the mayor is the person to call first. Since the early 1990s the World Bank (WB) also started to cast cities in the role of ‘enablers’ of business rather than suppliers and regulators of public goods. Two WB reports “[…] clearly established the significance of the urban sector as the motor force for, and main target of, market enablement strategies”. (Zetter and Hamza 2004, 9, 16)

1.3.3 The local without a global voice – from *polis* to the UN

If we assume that at the *polis* of the city-state of ancient Greece, the citizen spoke of the common concerns of their community, many of today's local concerns have global roots and consequences, and should consequently be addressed at a global political forum, too.

Some of the most dire problems that we face globally, such as those addressed by the UN Millennium Development Goals[12] – lack of access to fresh water and clean energy, lack of decent work, erosion of urban and rural communities alike, famine and lack of security – are of course issues of local service and infrastructure, as well. But cities have practically no say in negotiations that take place within, for example, the European Union (EU), the General Agreement on Trade in Services (GATS) rounds or the WTO that set the rules for implementation.

At the same time, national, regional and global levels want cities to implement their agendas: Get on with the job, get your hands dirty, but leave the politics and decision-making to us! At least in the UN, it is at this point that the difficulties in defining the position of the local level start. It is politically extremely correct to talk about the importance of the local level, but that is where the consensus ends. There is neither any common understanding about what "local" is, nor any significant involvement whatsoever of local government in multilateral governance.

One might think that it makes no big difference what the 'local' is called, but it does, and it is discussed in more detail later (chapter 3.3.1). Some wordings describing the local are attached to constitutions or other legal frameworks, but others have no precise legal definition at all. Thus, at one end is the term 'local government', which implies a clear legal and political mandate; at the other end are 'communities' and 'grassroots', which can mean anything or nothing. Local Government is a core element of the public sphere, alongside other levels of government. *Agoras* are not for just any sort of discourse but are for local political debate in particular.

[12] The UN General Assembly meeting that met to celebrate the new Millennium in 2000 established the global goals.

For local governments, the desire to be heard at the global level is not merely a representational, formal or theoretical issue of democracy starting at the grassroots level. The reality is that local governments, particularly major cities, are either engines of or barriers to development. And they are major clients providing and procuring basic services.

1.3.4 Globalization, basic needs and public services

All over the world it is the duty of the public sector to make sure that the basic needs of people are met every day. This means providing access to public goods and delivering public services at the local level on a daily basis: water, energy, public transport, health, education, telecommunications, security and so on.

Throughout this thesis, need for freshwater and sanitation are used as a typical example of a public good and a basic public service – an absolutely essential but an invisible one. As long as the water keeps running, and is clean, no one is interested as to how that water reaches the kitchen, or what happens to it as it flows away and down the drain. You are hardly aware of the total costs of your water consumption neither do you know who benefits from any of the profits: your city or the shareholders of a multinational company.

But what if you had to buy your daily 15-20 litres of water from a vendor every day, and you couldn't be sure whether that water was safe to drink? You might well wish for a more reliable and less costly service. You'd also want to have decent sewage and sanitation, not just the gutter, a plastic bag or a pit across the alley. In an industrialised country we take for granted that there are water utilities, along with sewage treatment and power plants. Yet the failures of electricity services in major metropolitan regions – New York, California, Rome – have turned the unthinkable into a likely reality even in industrialised countries.

If you don't have access to a reliable water or energy service or public transport, where do you seek help? Do you call the UN or the headquarters of a multinational company? Do you call a minister or a non-governmental organization in your country? No, you'd call City Hall.

To improve local infrastructure and service delivery, you might think that your mayor could go to the World Bank and ask for funding. Yet it isn't so; until recently most mayors could not go to Washington. The World Bank (WB), the Regional Development Banks and even a private multinational would point the mayor to the door of the national government, and ask for guarantees first before getting involved. Very few cities in the world can collect local taxes and fees to the same extent Northern European municipalities can, and use this income as collateral. However, if the mayor got a loan, more often than not, there would be a condition: privatization. A certain World Bank report[13], published in 1991, was crucial to promoting this policy (Zetter and Hamza 2004, 9).

If the mayor followed the WB's advice and asked a multinational company to build the infrastructure and provide the services, the company would first request that the mayor put the financing in place. The company would also point to the World Trade Organisation (WTO) and agreements regulating the procurement of public services.

Even if many global agreements have tremendous influence on cities, the decisions are taken at the global level behind closed doors. The mayor – who in most cases was elected by direct popular vote – was never consulted about the city's need to access international money markets, about international financing institutions' water policies or about multilateral trade agreements. Even worse, most mayors and councillors never realised that the agreements have an impact on the city. Globalization changes the ways in which not only nation states but also municipalities have to act, and how companies relocate their operations. All of this in turn has a direct impact on our daily life.

1.3.5 Corporate citizenship and local government

"Never underestimate the importance of local knowledge"[14] could be the motto of a local government organisation. Instead, it is the catchy slogan of a multinational bank: "The world's local bank".

The business community likes to stress how important a partner Local Government is to it, and that companies need good local governance.

---

[13] World Bank (1991) *Urban Policy and Economic Development: An Agenda for the 1990s*. Washington, D.C.: World Bank

[14] Advertisement slogan of the HongKong Shanghai Bank, used in international daily newspapers.

A lack of transparent procedures can lead to corruption, which takes up time and money. Business and industry need reliable infrastructure, security, water, energy and mobility, housing for employees, health care and education for families, 'an enabling environment' as it is called.

From an organizational point of view, outsourcing or privatization of public services and infrastructure means that not only ownership changes, but also leadership and governance processes will be different as compared with public procedures. On one hand, public organizations try to learn from private companies, but at the same time, some private corporations will take on tasks formerly associated with the public sector only, and call it Corporate Social Responsibility (CSR). Even if in most cases CSR is nothing more than abiding by the law, it is somewhat ambiguously presented as a substitute for public sector responsibility – even if this is never made perfectly explicit. It can be questioned whether CSR could ever transform a for-profit company into a guardian of the common good, since it would have to prioritize the interests of its private shareholders. (Goodpaster et al 2003) Sassen highlights the same point, when she analyzes the ongoing reconstruction of the public-private divide. "There is not only an expansion of the domain of markets but also a repositioning of markets, as these are increasingly represented as optimal for the execution of erstwhile public state functions." (Sassen 2006, 191)

Outsourcing requires public procurement processes, which open the door to the possibility of corruption. Finland used to take a lot of pride in its position as the least corrupt country in the world according to the annual listing by Transparency International (TI). No doubt there is good reason for this unique position. However, the less visible corruption takes more immaterial forms than straightforward brown envelopes or transfers to numbered bank accounts. The more subtle methods of persuasion are hidden in closed circles of 'friends' where, in an old boys' club atmosphere, favours are exchanged and different gestures are used to inflate further each other's sense of elevated social status, power and brotherhood – be it by playing golf, hunting or skiing together.

Biased partisan evaluation criteria can then be forged to look like objective arguments. A cynic might say that this is business-as-usual in politics anyway. No facts are needed to prove the superiority of an alternative, or of the only alternative. Wiberg describes this succinctly: ”There is no need to discuss most of the issues any more after buddies have agreed on it. The alternatives have been reduced to a minimum before any formal decision on the matter has even preliminarily been dealt with in any official context”.[15]

1.4 Literature – from reinvented (local) government to global cities

1.4.1 Regime Theory

Regime theory was developed to explain the changing nature of local government towards entrepreneurialism under the neo-liberal New Right, particularly in the UK in the 1980s. In the UK, following the public sector budgetary crisis of the mid-1970s, spending had to be cut back. Local governments tried to attract the private sector to assist in providing local services. Also in the name of efficiency, compulsory competitive tendering (CCT) was introduced. There was a shift in urban governance from a ‘managerial’ to an ‘entrepreneurial’ approach and the concept of *partnerships* was introduced.

According to Nigel Taylor (1998), initially in the USA, Clarence Stone had redefined public power as the capacity to achieve certain ends, as power *to* instead of power *over*. This meant an understanding that no government has a monopoly over power, but instead, it has the capacity to assemble power, which involves establishing coalitions or partnerships with other agents. “Stone calls these governing coalitions ‘regimes’, […] informal arrangements by which public bodies and private interests function together in order to be able to make and carry out governing decisions.” This would be the only way for weakened local governments to be able to function. “This regime meant accepting that wider economic forces remain as central determinants of what local authorities can do. Regime theory begins from the premise that, in liberal

[15] http://www.kaks.fi/pages/ajankoht/tiedote_polemia58.html [22.7.2005], quote from Matti Wiberg, *Valta kunnassa*. ”Suurimmasta osasta asioita ei ole edes tarvetta keskustella sen jälkeen, kun kaverit ovat asiat sopineet. Vaihtoehdot on supistettu minimiinsä jo ennen kuin muodollista päätöstä asiassa on missään virallisessa elimessä edes alustavasti käsitelty.” (Original text in Finnish. English version by the author.)

societies, many of the most significant decisions affecting people's lives are made outside government by firms operating within the capitalist market system." (Taylor 1998, 140,142)

The Public-Private Partnerships (PPPs) and privatization processes introduced by the Thatcher government became the widely publicized norm for most industrialized country governments in the following decades. Margaret Thatcher, who had adopted ideas of the New Right, was elected Prime Minister of the UK in 1979 and remained in power until 1990, but her party, the Conservatives, governed until 1997.

1.4.2 New Public Management

New public management (NPM) emerged in the late 1970s in the United States, where the market was seen as the supreme model for organizations. Many cities, universities and other organizations had already started to adopt private sector practices before Reagan came to power in the 1980s. Earlier the doctrines of public administration had focussed on the ethics and rationality of public servants, and on the concept of public good. NPM redefined the nature, tasks, goals and methods of public administration. Public administration was redefined as "production of services" and its success criteria became the same as those of private enterprises. Privatization, outsourcing as well as the creation of artificial "internal markets" could be used as strategies. (Patomäki 2007, 29, 70)

The rise of NPM seems to be closely parallel to the emergence of the regime theory. NPM is based on the idea that public sector organizations can and should be managed just as if they were private companies. This has also meant the introduction of the vocabulary and values of the private sector, such as 'customer' instead of citizen or 'efficiency' instead of impact. 'Governance' replaced 'administration'. Differences between public and private organizations will be further scrutinized later (chapter 4.3.2).

The drivers of NPM were either financial distress, lack of productivity, opacity or a general dissatisfaction with what is often referred to as 'stiff bureaucracy' in delivering public services. In NPM, competition is seen as key to efficiency gains. One of the main goals is the reduction of the public sector, which can be achieved through contracting out and Public-Private Partnerships (PPPs), which the regime theory had introduced. Depending on the author's perspective, NPM, its focus and its origins look different. Whether political ideology is seen as a driver of NPM, also depends on the researcher.

In the worldwide promotion of NPM, Patomäki points to the central role of the Organization for Economic Co-operation and Development (OECD), its country reports and their detailed policy recommendations. The OECD initiated its work to develop public administration by organizing a conference "Managing Change in Public Administration"in Madrid in 1979. (Patomäki 2007, 71–72)

The UK and New Zealand were regarded as the models that other countries followed in "administrative modernization". The Dutch also started early, their Tilburg Model focussed on restructuring administration by introducing a decentralized "holding structure". In France, which is known as a centralized state, the Act of Decentralization was legislated in 1982, as a first measure to modernize government. However, even before local authorities had gained this new independence from the central government, the French had had a tradition of contract management, of buying public services from private companies, simply because they had not had the resources to deliver them themselves. In Germany, with a very different local governance tradition in comparison to France, local governments were the forerunners in NPM reform (Schedler and Proeller 2002, 163–180). In Finland, the National Building Board was used in the 1990s as a test case for corporatization of state functions. (Eräsaari 2002) Leena Eräsaari also points to one of the particular impacts of making public administration more "efficient": the gender perspective. Women are hit hardest, when production of public services is outsourced. (Eräsaari 2008)

Christopher Hood (1995) sees the background of NPM differently. For him, NPM is a question of changes in public sector accounting. He argues that "conventional explanations of the rise of NPM", such as party politics or downsizing government, "seem hard to sustain" (Hood 1995, 93).

In Hood's analysis, NPM was preceded by Progressive Public Administration (PPA), which tried to keep the public and the private sector distinct from each other. Elaborate procedural rules were supposed to prevent favouritism and corruption, because “reliance on private-sector contracting for public services inevitably leads to high-cost low-quality products, either because of corrupt influence on the contract-awarding process or because the public contract market will come to be controlled by organized crime, or both”. (Hood 1995, 93)

Hood creates a direct link between “accounting” and “accountability”. PPA was replaced by NPM, which “involved a different conception of public accountability, with different patterns of trust and distrust and hence a different style of accountingization [sic!]. The basis of NPM lay in […] lessening or removing differences between the public and the private sector and shifting the emphasis from process accountability towards a greater element of accountability in terms of results. Accounting was to be a key element in this new conception of accountability, since it reflected high trust in the market and private business models and low trust in public servants and professionals […]” The good guys and the bad guys changed places. (Hood 1995, 94)

Hood lists some of the main characteristics of NPM: “shift in emphasis from policy making to management skills, from a stress on process to a stress on output […] from a uniform and inclusive public service to a variant structure with more emphasis on contract provision”. Among the doctrines is “Stress on private-sector styles of management practice”, and “More stress on discipline and frugality in resource use” which is justified with “Need to cut direct costs, raise labour discipline, do more with less”. This includes an “active search for finding alternative, less costly ways to deliver public services”. (Hood 1995, 95–97)

Referring to “English awfulness” Hood recognizes that “Some commentators, (notably Pollitt 1993) have implied that NPM was mainly an Anglo-American phenomenon of the Reagan/Thatcher era”. He compares a list of countries which have adopted NPM with their “political incumbency emphasis” and takes Sweden as a counter example that suggests that politics does not matter. Hood never mentions the privatization of public assets or services as one of the doctrines of NPM. In his interpretation NPM seems to be limited to methods of running an administration. However, he concedes that “it might be argued that NPM has been adopted in some contexts to ward off the New Right agenda for privatization and bureaucide [sic!] and in other countries as the first step towards realizing that agenda". (Hood 1995, 99–101, 107)

NPM may have peaked or is already obsolete[16], in particular in present times when Keynesian policies and the role of the public sector are called for again during periods of great economic uncertainty. However, in the 1980s and 1990s NPM was a strong influence worldwide.

Because I'm particularly interested in what NPM has meant for cities I should note that the role of local government is very different from one country to another, depending on the degree and tradition of decentralization. This might sound as if I am contradicting one of my basic arguments – that all cities in the world are hit by the same wave of privatization of the public sphere. To a certain degree, yes, but as will be discussed later (chapter 3.3.2), decentralization is also a contemporary global trend.

1.4.3 The neoliberal city

As the language introduced by NPM suggests, the role of the city as an actor within the public sector was to be seen differently. "[…] urban government is increasingly cast in the role as an 'enabler' and decreasingly in the role as the supplier or regulator of public goods, such as land and housing, services and infrastructure. Indeed, one of the basic characteristics of the neo-liberal state is to separate policy-making from implementation, and to isolate the production and provision of urban public services from public control. […] The contrast between the city as a business and the city as a social entity in which its urban institutions respond to the needs of its citizens could not be more striking." (Zetter and Hamza 2004, 16)

In his polemical article, "The Right to the City," David Harvey (2003) considers the city as a social form and wonders why it is so difficult to "construct a socially just city". He quotes Thrasymachus in Platos' Republic who "argues that 'each form of government enacts 'the laws with a view to its own advantage' so that 'the just is the same everywhere, the advantage of the stronger'". Harvey ridicules the 'freedoms of choice',

16 Comments in Wikipedia on New Public Management [5 February 2008]

‘free markets and free trade’ and states that “Thirty years of neoliberalism teaches us that the freer the market the greater the inequalities and the greater the monopoly power”. However, he ends up with a vision: “But new rights can also be defined: like the right to the city, which […] is not merely a right or access to what the property speculators and state planners define, but an active right to make the city different”. He calls for the “creation of a new urban commons, a public sphere of active democratic participation [which] requires that we roll back that huge wave of privatization that has been the mantra of destructive neoliberalism”. (Harvey 2003, 940–941)

As Harvey notes, the introduction of the neoliberal state – or city – has entailed “increasing reliance on public-private partnerships (this was one of the strong ideas pushed by Margaret Thatcher as she set up ‘quasi-governmental organizations’ such as urban development corporations to pursue economic development)”. (Harvey 2005, 76) This has meant that, as a consequence, businesses have also acquired a decisive role in policy formation, and aren’t simply agents implementing public policies anymore.

Harvey highlights the unholy alliance and the fundamental differences between the public and the private sector: “In many of the instances of public-private partnerships, particularly at the municipal level, the state assumes much of the risk while the private sector takes most of the profits”. (Harvey 2005, 77)

Elliot Sclar was one of the first writers to analyze the impacts of privatization in cities. In *You Don’t Always Get What You Pay For: The Economics of Privatization* (2000) he is particularly concerned with ideologically motivated privatization efforts. His case studies look at such public services as fire protection, public transport and vehicle maintenance in the United States. Sclar develops a framework for public sector contracting, where he sees the biggest problems. In fact, more than privatization, he discusses outsourcing and public-private partnerships. He says he wrote the book because he believes that “markets are wonderful servants but terrible masters”. He is afraid that “in the rush to privatize public services, deregulate society, and in general shrink the domain of legitimate collective decision-making we are not thinking critically about the strengths and limitations of markets as mechanisms of social decision-making". (B.D. Taylor 2003)

Sclar concludes his book with eight rules[17] to restructure and improve public sector contracting. Rules 2, 3 and 4 are especially relevant to the conclusions of this study (chapter 7.5):

1 Carefully specify the product and the service rendered. Many public sector products have social components to them. The post office in small towns serves a much greater purpose than the simple delivering of the mail. [In our case study, the bus shelter is also a symbol of the public transport itself, an invitation to use it.]

2 Use activity based accounting when figuring the actual cost of providing a service. There can be no comparison between inhouse work and outsourced work unless there is a reliable accounting of what it costs to provide a service.

3 For the actual cost comparisons use "avoidable cost accounting" because it does not include overhead and direct operating costs.

4 Transaction costs are not zero and must be addressed when figuring the costs of privatization. There will always be public management of the private provider.

Sclar's fifth rule about the fundamental differences between public and private contracting touches upon issues that will be elaborated in depth later (chapter 4).

1.4.4 "All economy is local"

Jane Jacobs was not a lady of happy titles. She is best known for her seminal book *The Death and Life of Great American Cities* (1961). According to Taylor (1998) the true radicalism of Jacobs' critique in the 1960s was not only that in the age of functionalism and functional segregation she asked for a mix of functions as a prerequisite for liveable cities, but she also questioned whether rational town planning has the potential to improve cities at all.

[17] Source: Article Summary http://government.cce.cornell.edu/doc/summary.asp?id=sclar2000-7 [accessed 18 February 2007]

From the local level perspective Jacobs' book *Cities and the Wealth of Nations, Principles of Economic Life* (1984) is worth noting. She wrote about the cycle of a vigorous city with export-generating and import-replacing cycles. If something is imported to a city or a country, is has to be balanced by manufacturing products or services which can be exported. Jacobs tells the story of the Japanese city of Shinohata, where they cultivated mushrooms and sold them at a high price in Tokyo. All economy is local, she says, and the success of cities depends on their ability to remain innovative in developing import-replacing products. "Everything that happens in the world happens at some place." (Jacobs 2004, p. 88)

In her last book, *Dark Age Ahead* (2004), Jacobs wrote about the regression of culture, which slowly leads to a loss of memory. She points to five pillars that seem to be in jeopardy, one of which is "dumbed-down taxes", "taxes and governmental powers directly in touch with needs and possibilities". (Jacobs 2004, 24)

"Toronto's current public poverty is artificial, deliberately imposed by policies that in Canada are called neoconservatism. In America, a similar ideology is known as reinvented government or the Washington consensus. In Britain it takes the name of Thatcherism. Internationally, much the same set of beliefs and policies is recognizable as 'economic reforms demanded by the International Monetary Fund." Jacobs' analysis is directly related to what was discussed earlier: NPM and the neoliberal paradigm. In her highly critical account, Jacobs notes that at the core of this neoconservatism is "a moralistic belief that each public service or amenity should directly earn enough to support its cost". She continues by adding with a touch of irony and realism: "To be sure, neoconservative ideologues are selective in their social and economic choices for worthiness to survive and flourish. They subsidize professional sports stadiums, automotive assembly plants, roads, and other preferences, with tax breaks and other benefits." In other words, the purpose of the tax breaks is to win elections. (Jacobs 2004, 113–114)

In Jacobs' interpretation, in one form or the other, the private car threatens to topple almost each one of the five societal pillars she had listed. As an example she describes how General Motors' Bus Division in the 1920s "bought electric streetcar lines, demolished them and replaced them with buses, then resold the lines, tying up the sales with contracts that specified future suppliers of buses, oil, and tires. […] To Depressions-stricken cities, the ready money was irresistible". Without calling it outright racketeering, Jacobs also tells how General Motors paid Robert Moses, the 'master builder' of New York in the mid-1900s, an amount of about USD 165.000 in today's money, for an essay on highway planning. (Jacobs 2004, 38–39)

1.4.5 "The global city"

As a sociologist looking at people and workforces Saskia Sassen (2001) sees a huge danger of polarization and segregation in the postindustrial social order. On top of the finance-driven global networked economy is an elite group of finance analysts, stock market traders, corporate merger & acquisition lawyers, advertising agents etc., business-to-business people who feed the needs of global corporations by providing 'producer services'. At least some of these services have their origins in functions that have been outsourced from the corporations, when the headquarters were streamlined into units of mere 'core functions'. – Sassen does not mention it, but it is of course exactly the same pattern of outsourcing and streamlining that has been imitated by cities according to NPM.

Production itself is being dispersed all over the world, in small units wherever the labour force is most economically available. The small 'nouveau riche' elite is different from 'old money', from people who used to own wealth. New money is willing to consume, not just invest. Consumption means using 'consumer services', which the traditional middle class did not think it could afford. On the other hand, the provision of consumer services creates a new working class, often also an informal economy delivering pizzas, cleaning homes, giving massages or decorating the interiors of the new masters and mistresses. Sassen makes it very clear that we should not blame the migrant workers for creating an informal economy, because they only fill a gap – there is demand for their input. With an impressive compilation of labour force statistics, Sassen points out that the same transformational trend is visible all over the world, be it New York, Tokyo or London. (Sassen 2001)

In Sassen's analysis, the global economy is driven by stock exchanges, by investments and investors: by financialization, as the phenomenon is described later (chapter 4.4.1). The finance industry is the world's biggest industry, both in size and in strategic importance while "two decades ago […] mass production of consumer goods was the leading growth engine". "Yes, manufacturing matters, but from the perspective of finance and producer services, it does not have to be national." Sassen stresses, like Manuel Castells earlier, that information technology has by no means made place obsolete, quite the contrary. But the post-industrial world economy highlights the role of cities which are big enough – the global cities – to offer an enabling environment for the producer services described above. "Besides being nodal points in a vast communications and market system, these cities are also sites for the production of global control capability." (Sassen 2001, 331–334)

Sassen describes the background of the growth of financial markets starting from the 1960s. In the 1990s the growth accelerated. "Crucial contextual conditions for this accelerated sequence of events were the instituting of free-market policies, deregulation, and privatization, in a growing number of countries which led to their integration into the global capital market and, secondly, the enormous growth in the size of the market which could now overwhelm most national economies." (Sassen 2001, 21)

Sassen may indeed be the writer who has most sharply analyzed the impact of economic globalization and the finance industry on the emergence of what she calls global cities. She also makes explicit the linkages between deregulation, financialization and privatization.

Without referring to Sassen, David Harvey (2005) describes global cities from the (counter)neoliberal point of view, and highlights the character of the new speculative financial and real estate business that has replaced production: "So-called global cities of finance and command functions have become spectacular islands of wealth and privilege, with towering skyscrapers and millions upon millions of square feet of office space to house these operations. Within these towers, trading between floors creates a vast amount of fictitious wealth. Speculative urban property markets, furthermore, have become prime engines of capital accumulation. The rapidly evolving skylines of Manhattan, Tokyo, London, Paris, Frankfurt, Hong Kong, and now Shanghai are marvels to behold." (Harvey 2005, 157)

1.4.6 Multiplicity of viewpoints – and a missing one

For architects and architecture critics globalization continues to mean globalization of architectural expression and construction of similar looking buildings with the same technology all over the world – even if, as Dieter Steiner noted in a debate,[18] "that is not architecture" but something else. Kenneth Frampton (1983) introduced the concept of 'critical regionalism' whereby, in my interpretation, his criticism was directed at both mass-produced international style and to a post-modern nostalgia for tradition. He called for a critical but proactive approach to local physical, political and cultural framework. A building cannot be understood independent of its context.

The Finnish Business and Policy Forum (EVA) published a report (MacKeith 2005) where concern was expressed about the absence of great architecture in new corporate buildings, as opposed to landmark buildings of companies a century ago. It was paradoxical that a business organization was blind to at least one of the reasons: big firms sold their buildings to specialized shareholder companies a long time ago. In particular shopping centres, hotels and office buildings have been turned into real estate portfolios, which have quickly changed hands on the stock exchange. This shareholder attitude to the built environment definitely has an impact on cities and suburbs, but in most cases there has been no privatization of public property.

The urban jargon since the 1990s has stressed two aspects. First, cities are drivers of economic growth, and the urban environment is a factor that is supposed to support that function. Second, cities compete with each other globally, not just nationally, and the winners become 'global cities' and 'metropolises'. Charles Landry (2000) wrote about the 'creative city' and Richard Florida (2002) about the 'creative class,' both features that increase the competitiveness of cities. All of these viewpoints highlight the re-evaluation of the role of cities next to nation states, a point that Jane Jacobs had made in the 1980s.

Quality of urban space has become an instrument to support the competitiveness of cities. Knowledge- and information-based societies need

---

18 Seminar of the Mies van der Rohe Foundation in Helsinki 21 October 2006.

not only electrical wiring and wireless connections, but also face-to-face contacts of innovative minds. With a great deal of nostalgia and a tinge of naivety, the public space of the café-societies of fin-de-siècle Vienna and Paris enjoyed a revival in the 1990s. The contemporary addition was the ubiquitous layer of the information society, which Manuel Castells had introduced (1997). Barcelona's urban renewal, with the Olympics of 1992 as its first big deadline, materialized some aspects of the renaissance of urban public space and made the topic talk of the town among anyone interested in urban development issues.

Kevin Lynch (1960) had already looked at cities through their public space. He talks about "a public image of any given city". Lynch interviewed people in Boston, Los Angeles and Jersey City (across the river from New York), and asked how they pictured their city, what kind of a mental map they had created in their minds in order to locate themselves in the urban landscape. This is how Lynch established the well-known five elements of urban pattern: *paths, edges, nodes, districts and landmarks*. These elements deal with people's everyday life, how they move, orient and place themselves within the city. People prioritized different elements depending on how well they knew the city.

Lynch's language is based on physical forms, signs that can be caught visually, always linked with movement through public space. The passer-by is either an observer or enters nodes and districts. Lynch's intention is to make planners aware of the mental image of the city and help them design a more livable city, where one does not feel lost but instead finds one's way. Lynch's language tells a story of urban patterns and structure – it is not about history and meaning nor is it about private and public spheres. Without public space there can be no 'image of the city', no understanding of what it is.

In the 1980s it was popular to observe everything as *text*, which could be interpreted. "If the City is a text, how shall we read it?" is Joyce Carol Oates' straightforward question. (Oates 1981, 111) Looking at New York from the top of the World Trade Center at the southernmost tip of Manhattan, where the Twin Towers used to stand, Michel de Certeau (1984, chapter 7) looks on "the most immoderate of human texts". Manhattan is for him "a text that lies before one's eyes. It allows one to read it […]".

Richard Rogers would like to be known for buildings "which are what we call legible – you can read how the building is put together".[19] He refers to the structure of the buildings. Functionalism wanted to show how buildings are used. Cities have both of these aspects: structure and function, but it would be strange if power and politics were not legible, too.

Rob Shields talks about *knowing the city*: "under what conditions does the urban come to be 'knowable'? […] We often engage in a representation – that is, an abstraction and generalization from what we empirically know of a city to the totality of the city, and to other cities. […] I have also argued that the urban transcends the materiality of the city itself." Shields talks about the urban as a *virtuality*, "or an intangible which is ideal but not an abstraction, and real but not actual". (Krug 2004)

Rob Krier (1979), in his historicist and formalistic approach, wrote about the 'erosion' of urban space. Among many others, authors as different as Aldo Rossi (1982) and the Prince of Wales had revitalized the discussion about cities. 'New Urbanism' was the commercial answer to *The Death and Life of Great American Cities* (Jacobs 1961) which had highlighted the juxtaposition of the pedestrian and the private car. New urbanism rediscovered the Main Street as the place for shopping, as a re-replacement for shopping malls that tried to look like main streets. Commissioned by the UK Government, *Towards an Urban Renaissance* was the report of a task force chaired by Richard Rogers (1999) which opened a new direction by introducing sustainability aspects. However, in their analysis none of the writers looked at the impacts of economic globalization and privatization on the urban public sphere.

Gated communities have been the object of research. They definitely reflect a continued polarization of societies. But if someone builds a wall around her or his private property, and builds private streets, what happens is not necessarily a privatization of the public sphere but the further privatization of private space. Commercialization has been on the agenda of more culturally oriented discussions. Advertisement in public space, for example, has been regarded an aesthetic problem.

[19] Pogrebin, Robin (2007) Top Prize for Rogers, Iconoclastic Architect. *New York Times*. 29.3.2007

These, however, are totally different perspectives from privatization as a consequence of economic globalization: moving institutions and functions from the local public sphere to the global private sphere.

The impacts of economic globalization in general and of neoliberal policies in particular "have largely been explored at a macro level, while local impacts have tended to be overlooked". In their article "Market Enablement and the Reconfiguration of Urban Structure in Colombia" Andrés Ortiz-Gómez and Roger Zetter bring the analysis to the micro-level and describe a phenomenon that they call the progressive "elimination of the neighbourhood as a key element in the urban hierarchy, and its replacement with a high degree of atomized development" through "displacement of essentially communitarian uses and services such as schools, open spaces and recreational uses towards the periphery", and the creation of "privileged and exclusive" territories and modified patterns of mobility. (Zetter and Hamza 2004, 185–202) Barbara Czarniawska is one of the few researchers who has analyzed "Glocalization of City Management"[20], as she puts it.

Among the multiplicity of viewpoints on the urban condition, as reviewed in this chapter, there is one that seems to be missing: *the privatization process of the urban public sphere*. Economists and proponents and critics of 'new public management' discuss privatization of public services and infrastructure. Politicians are partial to it because it offers a clear dialectical premise for debate. Urban researchers are fascinated by urban space, but they tend to remain within its physical limits, even if harnessed by psycho-social or cultural tools of analysis. However, it is difficult to find a cross-cutting view of how the processes of privatization impact the various layers of the urban public sphere and how they are linked to globalization.

1.5 Emerging horizon: glocalization of the urban public sphere

"We are constantly being told that individual countries are powerless in the face of multinational capital[…] [but who] began the process of

[20] Czarniawska, Barbara (2002) A *Tale of Three Cities, or the Glocalization of City Management*. Oxford: Oxford University Press

nations giving away foreign-exchange control? (Margaret Thatcher, the supposed great defender of our sovereignty, as it happens.)”[21] Thatcher’s term as Prime Minister of the UK is often referred to as the starting point of privatization of public assets and services. “There Is No Alternative”, the TINA Principle, is credited to her.

Based on the description of the contemporary urban condition, three viewpoints emerge. They could be loosely bound together by the notion of ‘glocalization’[22] (Taipale 2002).

First, the pressure from above, the accelerated economic **globalization** and **financialization** (chapter 4), which started with the Thatcher era, seems to have hit not just nation states or societies in general, but cities too, directly, under the guise of **privatization**. Much has been published on globalization, but hardly any of it has studied its direct impacts at the local level. For economists, or sociologists like Sassen, the links between globalization, financialization and privatization are clear. However, many writers discuss privatization as an economic issue from the viewpoint of private organizations, or as a political or ‘efficiency’ issue from the perspective of public organizations, not as an issue of local political decision-making process under a pressure exerted by global institutions and companies. Urban critics tend to confuse privatization with segregation, commercialization and consumerism, which are often cited as the characteristic phenomena of contemporary urban culture.

Liberalization of world trade and financial markets as well as loan conditions set by international financing institutions (IFIs) have helped multinational companies turn into providers of local public services. One track of this development is called the public-private partnership (PPP). The trend is reinforced by the financialization of shareholder markets.

The question can be posed as to whether the privatization of public service delivery creates a democracy deficit in the cases where decision-making processes are taken from the hands of local stakeholders and

---

21 Massey, Doreen (n.a.) ”The geography of power” Red Pepper / Global http://www.redpepper.org.uk/intarch/xglobal1.html [27 March 2007]

22 The term glocalization is credited to different sources. One of the early users of the concept was Jeb Brugmann, the founder of ICLEI – Local Governments for Sustainability, which is based on the idea “Think globally – act locally”.

City Councils to global boardrooms of multinational companies. The profits follow the same route, of course, but the deficits are contracted to be borne by public subsidies and guarantees, as Harvey pointed out. To de-politicize the decision-making, a frequently used argument for privatization is ‘efficiency, not ideology’. Could some reasons for the general disinterest in politics lie here? Politics seem to be vanishing from the public sphere.

Second, the forces from below, the rise of **cities** as local governments and creators of enabling environments for private business to operate – a role that used to belong to nation states alone – prompts cities to become active also at the global level. The privatization trend does not liberate the public sector from all duties but instead gives it accrued responsibilities. For cities to have a legitimate mandate to speak, local democracy and local governance are faced with new challenges.

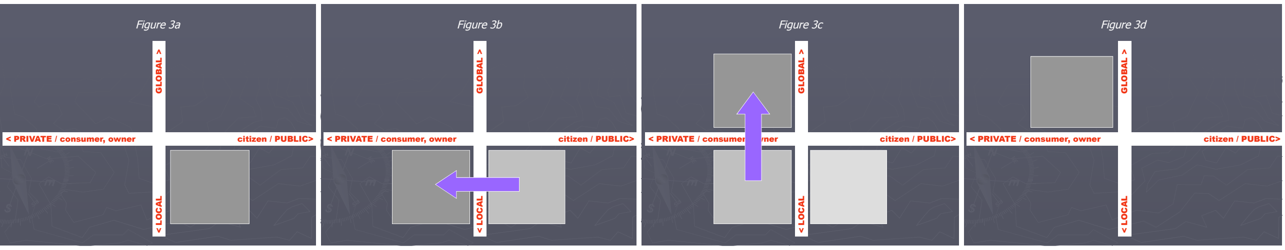
Third, observing cities ‘from within’, as an unavoidable consequence of the first two, the **urban public sphere is undergoing a transformation**. Local decision-making about the common good, with its renewed globalized agenda continues to need a place of its own, separate from the private and intimate realms. This means that the contemporary urban condition calls for a redefinition of this place, which could be characterized as a glocalized public sphere.

A gradual disintegration of the public sphere, or “the expansion of the private domain”, or “[t]he shifting location of the public-private divide toward expanding the latter” (Sassen 2006, 185, 196) takes place while the private sector takes over functions and structures that have been – and are still considered by many to be – public, e.g. water and energy supply or public transport. It seems that a series of incremental shifts is occurring in our living environment in which the public sphere is gradually becoming private. Or, in other words, elements of the local public sphere are gradually being moved to the global private sphere.

This is not yearning for a misunderstood *agora* in an idealized democracy in ancient Athens. Quite the contrary, the role and potential of contemporary global civil society is totally different from the speech and action of the citizen of the *polis*. The challenge is to investigate how the contemporary public sphere responds to the contemporary urban condition.

At this point, I hope to have shed some light on the changing roles and positions of both cities (as local government), businesses (as private sector actors), each guarding their territories, the public and the private spheres, and civil society somewhere inbetween. The other frontier is the city wall, surrounded not only by the local countryside but by the entire world.

1.6 The hypothesis and research question



***Figures 3a–3d**: Transformation of fields defined by two orthogonal axes: the vertical local-global and the horizontal private-public one. Elements of the local public sphere move to the global private sphere.*

My working hypotheses are conclusions from the preceding deliberations and literature review on the contemporary urban condition.

1. Economic globalization and financialization have direct impacts on cities.
2. Public goods and local services and infrastructure are being outsourced and privatized and will be increasingly provided by the global private sector.
3. Since the 1980s, the patterns of these privatization processes have many similar features regardless of the substance of the particular service, be it water, electricity, telecommunication, transport or waste, and regardless of the location of the city, be it in the industrialized or in the developing world.
4. New Public Management and a neoliberal political agenda have been the main drivers of these privatization processes, however not as an explicit premise of arguments, which are often fallacies.

5 Urban space is the most tangible arena of the urban public sphere, and reflects also changes taking place in the invisible layers of public sphere.

Consequently the research question is: *How, or through what kind of* ***process****, have economic globalization and financialization contributed to the privatization of the urban public sphere since the 1980s?* In other words, how is the urban public sphere being transformed so that it is incrementally drained of its public elements? Or, to put it simply: How does the urban public sphere become privatized?

A secondary research question is posed within the process that will be subsequently described: *Which are the determinative successful* ***arguments*** *in the political decision making process?*

The basic format of the research question is: how did this all happen? The answer is to define a process that has pertinent outcome. Here the result is the privatization of bus shelters in Helsinki. The research and comparison to other cases show that the bus shelter case can be considered a typical privatization case, whereby a global shareholder company took over a piece of publicly owned urban infrastructure which is essential to the delivery of a local public service. Hence, I will show that the description of a privatization process, which will be the main theoretical finding, can be grounded on this case.

1.7 Relevance of the research

The theoretical contribution of my research aims to add to the understanding of the impacts of economic globalization on cities, and of the character of the glocalized public sphere as a reflection of the contemporary urban condition. The debates that I'd like to contribute to are the critique of New Public Management and the neoliberal city on one hand, and the discussion on the role and character of the urban public sphere on the other.

First, my research participates in the on-going debate in cities all over the world, struggling with questions of how to provide and produce basic services for all their citizens most efficiently and equitably. This question can be regarded either a managerial (NPM) or a political

(TINA) one. Why should a city, or why should it not, privatize its water, energy or any other public amenity? What needs to be understood before a municipality signs a public-private-partnership (PPP) for public transport or for the construction and maintenance of its school buildings? On the other hand, both the size and number of corporations doing business within the basic service production industry are growing all the time. Also the companies need to better understand the role of the public sector or, in my terms, what should take place within the public sphere.

My argument implies that the research has relevance in regard to all public services, regardless of sector or place. Energy experts will say that energy is completely different from water, and water experts will claim that water is totally different from public transport. It should be added that patterns of land use (real estate development, housing, urban space), access to information and communication, security, health and educational services will certainly differ, too. But regardless of these considerations it remains a fact that these are basic services that people are supposed to have equal access to, they are mostly delivered at the local level, they are increasingly produced by private global companies, and they are driven to increased efficiency by the principles of financialization.

Presumably for reasons of trying to hold onto centralized political power or due to a lack of understanding, national governments and some multilateral institutions have failed to fully acknowledge the role of the local level in providing basic services. In addition, the ambiguous terminology describing local levels is both a reflection of this, and a tool for maintaining the status quo. But to be absolutely fair, the local level hasn't fully internalized its new role, either. It needs to analyse more thoroughly the impacts of globalization in order to be able to counterbalance these impacts through local action.

The second debate that this thesis wishes to take part in concerns the character of the public sphere and urban public space: how should it be understood, maintained or transformed, and for whom? Despite a conceptual incarceration of the public and private sectors in separate boxes, it is a fair assumption that they will remain intertwined. Expectations on the role of a global civil society as the main occupant of the public sphere have ballooned. How then can urban public space strengthen the voice of citizens?

Politically, reasons are constantly being sought for why people are not interested in politics. Why is low voter turnout so prevalent in developed societies? Could the answer come from the current lack of clear distinctions between public and private sectors and political decision making? And consequently from the near disintegration of the urban public sphere?

2 Toolbox of methods

2.1 Overview

This chapter describes the methods used in my thesis, in fact three methods within each other: field notes of "*urban ethnography*" to illustrate the context of the research; a *case study* to describe an example of the phenomenon that is the topic of my research (privatization process of the urban public sphere); and an *argumentation analysis* within the case study to take a closer look at the process. The single case study is at the core of the inquiry, and the theoretical conclusions will be based on its analysis. I'm positioning myself as an urban researcher at the juncture of different disciplines, under the umbrella of qualitative research.

2.2 The researcher's standpoint

The tradition of qualitative research is fairly recent. "Qualitative inquiry is the name for a reformist movement that began in the early 1970s in the academy." (Schwandt 2000, 189) Epistemologically, my interpretation is that knowledge acquired through qualitative, instead of quantitative, research looks for justification from an understanding that the world as a physical and social, material and immaterial phenomenon cannot be grasped with measurable facts alone. Qualitative research methods look for answers to a question like *how*, instead of replying to a question like *why*, and without calling for direct causalities. Because aspects of human behaviour are omnipresent in qualitative research, quantifiable indications have to be complemented, even replaced by *text* – be it derived from interviews, media, literature or other written documents. For qualitative research, text is an existential element of being human. "[…] we dwell in language, as Gadamer and Heidegger have explained." (Schwandt 2000, 198) In my inquiry, text, and argumentation in particular, is the key material.

Historically, the timeline of qualitative research can be divided into 'seven moments' and it was the 'Modernist Phase' (from post WWII until the1970s) that introduced efforts to formalize qualitative methods, and new interpretive theories, such as ethnomethodology, phenomenology, critical theory, feminism and conflict theory. Students were drawn to "research practices that would let them give a voice to society's underclass". (Denzin and Lincoln 2003, 19, 22) I cannot claim to give a voice to underclass, but I'm concerned about voices that in my view don't get heard: cities (local governments) at the global level and civil society at the local level.

'Blurred Genres' (1970–1986) refers to the blurring of rules and boundaries between the social sciences and the humanities, which produced a rich variety of paradigms, methods and strategies: those from the Modernist Phase plus semiotics, structuralism, post-structuralism (Barthes), neo-Marxism (Althusser), deconstructionism (Derrida), etc. "Research strategies and formats for reporting research ranged from grounded theory to the case study, to methods of historical, biographical, ethnographic, action and clinical research. […]The essay as an art form was replacing the scientific article". Interestingly, one of the qualitative journals founded in this era was called *Urban Lives and Culture*, but is now the *Journal of Contemporary Ethnography*. Fully conscious of blurring genres here, as well, I'm calling my notes and observations on the contemporary urban condition 'urban ethnography', because some of the characteristics of ethnography are being immersed in a culture for long periods of time, observing it as an alien, taking notes and pictures, and producing a narrative. However, the core method in this thesis is case study. (Denzin and Lincoln 2003, 24–25)

The "Triple Crisis" reflects upon the contemporary situation. It refers to, first, a crisis of text as representation of experience; second, a crisis of legitimation and evaluation of research, and third, a crisis of praxis: how "to effect change in the world if society is only and always a text?" My reply to the last question would be: argument, political argument. In my view the triple crisis opens the possibility for research as action. Until recently research, even if not universal, remained an outsider, but the emergence of participatory, action-oriented practices has pushed research into the societal battlefield. "The concept of the aloof observer has been abandoned. […] The search for grand narratives is being replaced by more local, small-scale theories fitted to specific problems and particular situations." Maybe what I'm trying to accomplish is a local, small-scale theory looking at a specific problem, be it globalization. (Denzin and Lincoln 2003, 28–29)

Looking for tools to interpret the built environment and for somewhat artificial parallels in architectural theory, Kevin Lynch comes first to mind, as mentioned previously. His *Image of the City* was about reading public space – not the public sphere – already in 1960. Christian Norberg-Schulz wrote about *Genius Loci*, the spirit of place, in 1980, and Kenneth Frampton coined the concept *Critical Regionalism* in 1983. Through their contributions, in the architectural debate, local context replaced the international or universal framework of reference and cultural imperialism. Simultaneously, the classical language of architecture became, once again, the dictionary of architectural expression, paving the way for post-modernism. Already Robert Venturi's *Learning From Las Vegas* in the 1960s was all about reading and creating the built environment as sign language.

Identifying myself as an 'urban researcher', I'm placing myself in a field defined by *urban studies* – a most cross-disciplinary concept as such – and *organizational research*. I'm looking at cities not merely as physical urban structures but simultaneously also as public organizations with political decision-making processes. Cities as public organizations are in dialogue with private organizations, both of which are becoming increasingly global.

Within the field of alternative research paradigms, as an urban researcher, I could be described as a social constructivist only insofar as I believe that knowledge is political and I'm looking at how people create their reality. "[…] constructivism means that human beings do not find or discover knowledge so much as we construct or make it." (Schwandt 2003, 197) My intention is to develop critical theory, as the aim of my inquiry is 'critique and transformation'. I believe that knowledge can be accumulated through 'generalization by similarity' and goodness or quality of criteria can be based on their 'historical situatedness'. (Denzin and Lincoln 2003, 257)

The qualitative researcher "approaches the world with a set of ideas, a framework (theory, ontology) that specifies a set of questions (epistemology) that he or she then examines in specific ways (methodology, analysis)". (Denzin and Lincoln 2003, 30) I'm following this path: the description of the contemporary urban condition – the set of ideas with which I approach the world – specified a set of questions. I'll examine the questions with the case study method and argumentation analysis.

Could my research question have been answered by a quantitative approach? Most likely: yes. As an example, I could have analyzed the history and expansion of a number of municipal utilities, which have been corporatized and transformed into multinational shareholder companies. To get to the core nodes of the process, eventually I'd have had to include also qualitative elements, such as interviews with investment bankers and mayors. It is not up to me to judge if that would have led to a more valid outcome.

The goal of this research is not to write a guidebook for planning or designing public space nor for reorganizing public administration, neither am I looking for right or wrong. I simply want to understand how cities have been changing in a globalizing world. By trying to see through several overlapping layers of the urban public sphere I'll look for repetitive procedural patterns that have links to the processes of economic globalization. I'll have to go far beyond the visible into the realms of economy and politics, which constitute themselves also through text, not just numbers.

Trying to tackle my research question, I have to take multiple standpoints. In so doing, I confess that efforts to stretch over so many disciplinary borderlines make me extremely vulnerable to questions rising from the inner depths of any one of them. With humble apologies, let me continue. If I'll only be able to scratch the surface of mountains of knowledge, at least clarity of methods should keep the story together.

2.3 "Urban ethnography" to understand the context

Ethnography is one of the most traditional qualitative methods of research, which was originally used to produce anthropological knowledge about the "other," who was "alien, foreign and strange". It started with "armchair methods to understand alien worlds", was followed by "notes and queries" by local informants, and short trips to the field by "verandah anthropologists". (Denzin and Lincoln 2003, 19) I've taken the liberty of calling my observations and photographs concerning the contemporary urban condition the result of 'urban ethnographic research' – an approach more often and more rigorously applied by anthropologists and sociologists than architects. Some of my 'field notes' have been published earlier (Taipale 2004). Wolcott might call this "Perhaps Ethnography" (Wolcott 1995, 100).

According to Malinowski's famous advice, the fieldworker must spend at least a year in the field, use the local vernacular, live apart from his kind, and make the psychological transference whereby, as Stocking said "'they' becomes 'we'" (Elliott and Jankel-Elliott 2003, 216). In the contemporary world, when "researching familiar settings" we have to "treat events as if they were 'anthropologically strange'" (Hammersley 1983, 210), as we tend to become blind to our own context.

The opportunity to visit a number of cities all over the world allowed me to get the distance necessary for this 'strangeness'. Instead of a 'lone Ethnographer', 'immersed' in the daily life of aboriginals in New Guinea and the Trobriand Island, like Malinowski at the beginning of the 1910s (Denzin and Lincoln 2003, 20), I was immersed in the world of local government policies and multilateral negotiations within the UN system from 2000–2004 and learned the global urban jargon. At the global level I may have been a 'participant-as-observer' and 'a hidden or disguised voyeur', but at the local level I was a 'non-participant observer' (Elliot & Jankel-Elliot 2003, 217). In the City of Helsinki the events of the case study took place prior to my tenure as a civil servant of the City. Hence, I'm not involved in action research (e.g. Eskola & Suoranta 2003, 126). Neither do I use "Thick Description" – the title of Geertz's essay, subtitled "Toward an Interpretive Theory of Culture," – to test or generate grounded theory based on ethnographic material (Wolcott 1995, 90–91). My theory will emerge from the analysis of the case study, which is embedded in a cultural interpretation of the context.

My 'notes and queries' help not only to describe but to *understand* the context in which the research question is embedded. "Facts cannot speak for themselves" (Wolcott 1995, 85), they need to be interpreted. Even if ethnography is used here merely as a method to paint the background, I'm aware that unless it looks for cultural patterns, it is not ethnography. "The underlying rationale for doing ethnography is understood to be cultural interpretation. […] culture is imposed, not observed." (Wolcott 1995, 87) Thus, the conceptual framework and the choice of case study are based on a cultural interpretation of the contemporary urban condition. This interpretation becomes my 'prejudice', as Gadamer has termed it. "Prejudice is not necessarily unjustified or erroneous. In fact, prejudice is our window to the world, our base for recognition and comparison. Without prejudice, it would not be possible to make sense of the events and objects we observe or to find meaning in the words and actions of others." (Arnold and Fisher 1994, 57)

To further quote Gadamer, hermeneutics "is not to develop a procedure of understanding, but to clarify the conditions in which understanding takes place." Understanding *is* interpretation. The process of ethnographic understanding, according to Geertz, is a hermeneutic circle, which is "a continuous dialectical tacking between the most local of local detail and the most global of global structure in such a way as to bring both into view simultaneously […] Hopping back and forth between the whole conceived through the parts that actualize it and the parts conceived through the whole which motivates them, we seek to turn them by a sort of intellectual perpetual motion, into explications of one another". (Schwandt 2000, 193–194, 196)

2.4 Literature research to define concepts

The research question is narrowed down from three sides. First, its context is primarily the *urban* scale, cities as physical, functional, economical, administrative and political entities in the globalizing world – as opposed to nation states, regions, communities, buildings or institutions, as examples. Second, it tries to understand the *public sphere* as a central societal and urban element – not only physical urban space, but the entire public sphere as a concept in a constant state of transformation. Third, it tries to capture a volatile phenomenon, *privatization*, which seems to be at work in the public sphere of cities, and which is assumed to be linked to the *globalization* of the economy and *financialization*. To clarify these concepts, I'll put together a conceptual toolbox, which is based on literature. I'm not inventing new concepts, neither am I trying to redefine any traditional vocabulary, with one major exception: the *public sphere*.

Public sphere and public space seem to be the fuzziest of the key concepts, even if, or because there is an awe-inspiring pile of writing and analysis about them. It does not make it any easier that the history of public space goes at least as far back as Ancient Greece. Since Plato and Habermas, virtual space has become an integral element of the public sphere. The cornucopia of viewpoints will force me to look for a contemporary definition of the public sphere, with more levels, realms or domains, than just the three dimensions of physical space that architects are used to dealing with.

On the impact of globalization and financialization on cities, Sassen (2001) has made useful observations. Urban studies (e.g. Taylor 1992) reflect also on the relationship between urban development and power, which in the 1980s in the UK found its expression in Regime Theory. New Public Management, a doctrine introduced in the late 1980s, will help understand some drivers of privatization. The neoliberal political agenda has been depicted by David Harvey (2005) among others.

Organizational theory (e.g. Scott, 2003) offers tools for understanding the framework for privatization from the private sector point of view: both the impact of globalization of the economy on organizations, and the characteristics of public and private organizations. Of the three concepts, privatization seems the easiest to define accurately, but it is by far the most politically contagious of them. The websites of international institutions and organizations, such as the World Bank or Transparency International, offer plentiful information about the ongoing debates that are of interest here.

2.5 Case study method

Intensive (single case) case studies are intended to be focused and deep, looking for an interpretation, whereas extensive (multiple cases) case study research is supposed to lead to theoretical constructs (Ericsson and Kovalainen 2006, 5). This should also define the criteria for the selection of cases: whether they are supposed to be extreme and exceptional (single), or rather typical (multiple). Originally, Glaser and Strauss (1967) and Strauss (1987) developed a process of building grounded theory from case study research. Later, Yin (1981, 1984, 2003) wrote about the design of a case study, developed a widely used typology, and described the replication logic of multiple case analysis. Yin also mentions "an embedded design" meaning multiple levels of analysis within a single study. (Eisenhardt 1989, 534)

One of the classic debates between scholars of case study methodology has been between Eisenhardt (1989) and Dyer and Wilkings (1991). Already the elaborate title of their article clarifies the point that Dyer and Wilkings want to make: "Better stories, not better constructs, to generate better theory: A rejoinder to Eisenhardt". Eisenhardt had advocated for a "hybrid form of case study research". According to Dyers and Wilkins, the intensive case study is the classic case study and they claim that the hybrid approach misses "the context, the rich background of each case" and thus weakens the validity of the findings.

As discussed earlier, I've put a lot of emphasis on trying to understand the very context of my case. I'm arguing that the disintegration of the urban public sphere takes place under the influence of a single, common global context, which I'm depicting (chapter 4), not separate 'contexts' depending on their location or particular substance. I agree with the remark that "the more contexts a researcher investigates, the less contextual insight he or she can communicate", with which they prioritize the "the essence of case study research, careful study of a single case" (Dyer and Wilkins 1991, 614). The investigation of multiple case studies may seem to produce more information, whereas focusing on one single case can in fact reveal a broader picture.

My research focuses on a single case: the decision-making process of the Helsinki bus shelters. The case can be considered typical because it concerns a part of the infrastructure supporting the delivery of a basic public service: public transport. However, because I'm looking for a broader theoretical validity for my findings, I'll keep referring to other similar cases within the same global context, even if it does not amount to a real hybrid case study, as Eisenhardt would call it.

The analysis of the case could be based on either a theoretical proposition – in my case the hypothesis of privatization as a local impact of economic globalization – on thinking about rival explanations, or on developing a case description. Yin lists five techniques: pattern matching, explanation building, time-series analysis, logic models and cross-case analysis. I'll focus on pattern matching and explanation building, and use argumentation analysis as an additional tool. As I'm looking for a generic pattern of a process, my analytic strategy is to create a narrative putting information in chronological order. (Yin 2003, 109–120)

A good case study "will […] want to use as many sources as possible" (Yin 2003, 85). The list of my sources of evidence is quite typical – it includes documents, archival records, press clippings, interviews, direct observation, photographs and "street" ethnography. I'm aware that interviews, press clippings and observations are biased as evidence, and I've used them primarily as complementary sources and to guide me to further sources. A rather complete set of documents and archival material form the core source of the case study. The data used for the case study are listed in Annex 4 (chapter 9.4).

Guided by Risto Tainio's advice in reference to the case study method, I had one major interview at the very beginning of my research to lead me to original sources. "Start with a key person, with someone who knows the whole story best", Tainio said. The interviewee, a city employee, had been involved in the case throughout the process.

Otherwise, I've been guided by Stoller's cynical remark "[…] everyone had lied to me and […] the data I had so painstakingly collected were worthless. I learned a lesson: informants routinely lie to their anthropologists". (Denzin and Lincoln 2003, 26)

2.6 Argumentation analysis

"[…] for speech is what makes man a political being"
(Arendt 1958/1998, 3)

Modern thinking on argumentation is rooted in the Greek philosophy in the 6th and 5th centuries B.C., when "the mythological picture of the world began to change" and rational, logical thinking started to replace "the gallery of gods" (van Eemeren et al 1996, 29). In the most profound manner, argumentation and democracy replaced divine order in the *polis*.

Argumentation has twofold significance for my thesis. First, at a practical level, I'll need tools to analyze the argumentation in the decision-making process described in the case study. I'll look at comments made by civil servants and decision makers, as well as texts produced by private companies and the media. Second, at the substantial level, understanding the role of political argumentation is central to my underlying hypothesis about the public sphere: who needs it?

Discourse is "part of the way in which power operates" (Hall, S 1992, 318). It is difficult to imagine participatory governance without public discourse and argumentation. When discussing "the communicative turn in planning" Lapintie quotes Patsy Healey: [23] "[…] the key to a new way of planning and urban policy is to find arenas where *inclusionary argumentation* could take place, that is, public reasoning which accepts the contributions of all members of a political community and recognises the range of ways they have of knowing, valuing, and giving meaning". According to Lapintie, one of the issues that Healey underlines is "finding the arenas for discourse where most people have

[23] Healey, Patsy (1995) "The argumentative turn in planning theory and its implications for spatial strategy formation", in *Are Local Strategies Possible? Scrutinizing Sustainability*. Eds. Pakarinen, Terttu, H. Ylinen, publication 29, Department of Architecture and Urban Planning, Tampere University of Technology, Tampere, pp. 46–70.

access”. (Lapintie 1998, 189) The issue of accessibility will be discussed later (chapter 3.4.4).

2.6.1 Argumentation Theory

First, in past decades argumentation theory has established itself as something separate from logics, formal deduction and classical dialectic. The difference is that “[a]rgumentation theorists study the way in which people take up standpoints and defend these standpoints, whereas logicians tend to concentrate on the way in which conclusions are derived from premises.” Also, argumentation theory looks more “at the actual reasoning processes and the contextual surroundings in which they take place”. In the study of argumentation, the problem areas are “unexpressed elements in argumentative discourse, argumentation structures, argumentation schemes and fallacies” (van Eemeren et al 1996, 6, 12).

Lapintie elaborates the differences between argumentation theory, being “more closely related to the Habermasian tradition” referring to the theory of communicative action (Jürgen Habermas), discourse analysis (Michel Foucault), and new rhetoric (Chaïm Perelman). As a fourth alternative Lapintie lists the above mentioned pragma-dialectical approach by Frans van Eemeren and Rob Grootendorst. “The purpose of argumentation is not to settle the disputes […] but to resolve them.” (Lapintie 1998, 187–202) Resolving disputes, finding a solution, of course, is the practical purpose of arguments in a decision-making process, which will be further discussed later (chapter 2.6.3).

David Zarefsky (1995)[24] regards argumentation in politics as “the practice of justifying decisions under conditions of uncertainty”. His approach with four elements is pragmatic and helpful. Argumentation is a *practice*, not a textual or logical structure, as discourse analysis would approach it. It is a practice of *justifying*, not proving anything. It is a practice of justifying *decisions*, which means that a choice has to be

24 van Eemeren et al refer to Zarefsky’s conference paper, Zarefsky, David (1995) ”Argumentation in the tradition of speech communication studies,” F.H. van Eemeren, R. Grootendorst, J.A. Blair, & Ch.A. Willard (Eds.), *Perspectives and approaches. Proceedings of the Third International Conference on Argumentation. Vol. 1* (pp. 32–52). Amsterdam: Sic Sat, 5A

made, “like standing at the proverbial fork in the road”. For my hypothesis about the incremental nature of privatization processes, Zarefsky’s comment is interesting: “The same forks in the road may present themselves repeatedly, even if in slightly altered guise”. Lastly, as Zarefsky points out, argumentation is the practice of justifying decisions under conditions of *uncertainty*. (van Eemeren et al 1996, 191–192) I presume that otherwise there would be no temptation to use ‘mere rhetoric’.

2.6.2 Principles of Communication and Fallacies

According to Lapintie (2001), argumentation, the confrontation or appropriately balanced meeting of argued standpoints, has four prerequisites. The participants have to share *a common language*. *Everyone has the right to present one’s view* and to question the opponent’s view, if it is not beyond a reasonable doubt, and to present as many viewpoints as possible. *Arguments have to be presented* to support a standpoint, if the opinion is arguable, or in case someone asks for an explanation. One has to *give up or modify* one’s viewpoint, if there are no acceptable arguments to defend it. If these prerequisites are not met, what can be said about the debate? What can be expected of the outcome?

Similarly, van Eemeren and Grootendorst have introduced a Principle of Communication, a list of “four standards: clarity, honesty, efficiency and relevance” which have to be maintained to secure communication among the participants. The same authors have also compiled a rather elaborate list of “Ten Commandments of critical discussion”[25]. Pragma-

[25] Rule (1) Parties must not prevent each other from advancing standpoints or from casting doubt on standpoints.
Rule (2) A party that advances a standpoint is obliged to defend it if asked by the other party to do so.
Rule (3) A party’s attack on a standpoint must relate to the standpoint that has indeed been advanced by the other party.
Rule (4) A party may defend a standpoint only by advancing argumentation relating to that standpoint.
Rule (5) A party may not disown a premise that has been left implicit by that party or falsely present something as a premise that has been left unexpressed by the other party
Rule (6) A party may not falsely present a premise as an accepted starting point nor deny a premise representing an accepted starting point.
Rule (7) A party may not regard a standpoint as conclusively defended if the defense does not take place by means of an appropriate argumentation scheme that is correctly applied.
Rule (8) A party may only use arguments in its argumentation that are logically valid or capable of being validated by making explicit one or more unexpressed premises.

dialectic argumentation analysis includes a detailed overview of violations of these rules, which would identify fallacies. (van Eemeren et al 1996, 12, 283–306)

According to a simple definition "[f]allacy is an argument that seems valid but is not". The formulation that "fallacies are conceived as discussion moves which damage the quality of argumentative discourse" refers to the Ten Commandments as parameters (van Eemeren et al 1996, 21). Walton repeatedly warns about the danger of evaluating an argument as a fallacy too easily. He is also critical of the view of van Eemeren and Grootendorst that deviations from their list of Ten Commandments would automatically mean that an argument is a fallacy. According to Walton, they "are best seen as good arguments that have been misused" (Walton 1998, 260).

Aristotle had already defined fallacies, but his definitions are not fully useful as such for the contemporary praxis. He saw arguments in the context of dialectics, whereas today's argumentation analysis looks also at stand-alone statements. Aristotle's list has been augmented with new ones.

For the study of fallacies, John Locke's *Essay Concerning Human Understanding* (1690) continues to be foundational. (Walton 1998, 19) The three Lockean fallacies and the one true argument are these:

- *Argumentum ad hominem*: personal attack, whereby instead of a contra-argument, a person advancing an argument is attacked directly
- *Argumentum ad verecundiam*: appeal to expert opinion or to a respected authority
- *Argumentum ad ignorantiam*: appeal to the ignorance of the opponent, or his or her inability to prove the opposite.
- *Argumentum ad judicium*: in Locke's own words "[truth] must come from proofs and arguments and light arising from the nature

---

Rule (9) A failed defense of a standpoint must result in the party that put forward the standpoint retracting it and a conclusive defense of the standpoint must in the other party retracting its doubt about the standpoint.
Rule (10) A party must not use formulations that are insufficiently clear or confusingly ambiguous and a party must interpret the other party's formulations as carefully and accurately as possible.

of things themselves, and not from my shamefacedness, ignorance, or error"[26].

A number of other fallacies are described in different literature sources (van Eemeren et al, Walton, Lapintie).

- *Ignoratio elenchi*: speaking beside the point
- *Argumentum ad populum*: populist argument, appealing to popular opinion – not necessarily a fallacy, unless it is used emotionally to distract from the real issue at stake
- *Argumentum ad consequentiam*: consequence-directed argument, wishful thinking
- *The slippery slope – fallacy* is a particular *argumentum ad consequentiam*, which takes the speculation on negative consequences to the extreme
- *Argumentum ad misericordiam*: appeal to compassion or sympathy
- *Argumentum ad baculum*: expression of overt or covert threat or appeal to fear, 'scare tactics'
- *The fallacy of many questions*;:a complex question with a trap, e.g. 'have you stopped abusing your wife?'
- *Petitio principii*: the fallacy of begging the question, illicitly arguing in a circle, failure to fulfill the 'burden of proof'
- *The straw man fallacy*: the misrepresentation of an opponent's position, often by exaggerating it.

From the point of view of privatization, of particular interest is the special context of *a sales dialogue*, which Walton brings up. He mentions the possibility of *the fallacy of suppressed evidence*. People are supposed to take it for granted that a salesman is partial, and evaluate the salesman's arguments as weak and incomplete to begin with. "[…] the salesman is not supposed to be, nor do we expect him to be, a consumer advocate who presents all the evidence or all the strongest arguments on both sides. We expect the salesman to be somewhat biased and to present strong evidence on his side – that is, evidence that supports the thesis that it would be a good idea for the buyer to purchase this particular car." (Walton 1998, 231) But does this work in a political context? Could it happen that salesman's arguments are regarded factual, whereas contra-arguments are considered politically biased?

---

[26] Locke quoted in Walton (1998) Hamblin, C.L. (1970) *Fallacies*. London: Methuen, p. 160

2.6.3 Political discourse, rhetoric or arguments

"[…] *the practice of justifying decisions under conditions of uncertainty*." (Zarefsky, as quoted above)

Political debate, Walton admits, is a 'mixed discourse' where detecting fallacies is particularly problematic. "We normally expect participants in political debate to attack each other in an adversarial way; […] We expect our political representatives to engage in a kind of challenging combat with their opponents." (Walton 1998, 223) 'Mixed dispute' in the terminology of pragma-dialectics, as Lapintie reminds, refers to a situation where "the antagonist not only challenges the standpoint and reasons of the protagonist, but also presents his or her own standpoint with a different type of reason". (Lapintie 1998, 193)

Colloquially speaking, we often call political discourse 'mere rhetoric'. Indeed, the step from rhetoric to fallacy does not seem to be that long and it would be easy to write most political arguments off as fallacies. This is where Walton's analysis calls for caution and stresses the contextuality of arguments, and the fact that something that may look like a fallacy at first sight is not necessarily one, or at least not a serious one. As Lapintie notes, "The argumentative approach is committed to the distinction between (valid) argumentation and (mere) rhetoric." (Lapintie 1998, 202)

Aristotle (384–322 B.C.) also distinguished arguments "according to the purpose they are intended to serve". The objective of a *rhetorical* argument aims at convincing "a particular audience of the correctness of a standpoint" whereas its validity does not rely on facts (logic argument) or general acceptability instead of arbitrariness (dialectic argument) but solely on its persuasiveness. (van Eemeren et al 1996, 32)

In rhetoric, as is for the politician, the listener is the focus. When constructing rhetorical arguments, the speaker is conscious of the audience that she or he is trying to persuade, and has to select premises that are as widely acceptable as possible. When a politician speaks, she or he always speaks to potential voters, even when they are not present in person. However, the constituency may be represented by the press that will report next morning on the debate in the city council, for example.

The speakers with the most colorful and striking message may have the chance to get quoted in the newspaper.

"The premises that are plausible are the most important to rhetoric. They often contain value judgements like 'We must strive for peace', and may then be used to justify an action or decision." (van Eemeren et al 1996, 44) Political arguments are often based on 'the best of intentions' which are shared by the majority of people: ecology or security, for example.

Harvey notes that "Political slogans can be invoked that mask specific strategies beneath vague rhetorical devices." He takes the word 'freedom' as an example: "[… it] resonates so widely within the commonsense understanding of Americans that it becomes 'a button that elites can press to open the door to the masses' to justify almost anything". (Harvey 2005, 39) Speaking of privatization, 'efficiency' and 'red tape' may have an effect comparable to 'freedom'.

To paraphrase Galbraith (1977), the prevailing mainstream ideology – privatization in this case – is a stronger factor than any rational argument, and that is why "presumably, we should know what guides our behavior"[27]. The same point has been made from the perspective of argumentation theory: "A speaker who can assume that the audience will automatically accept certain premises as obvious or taken for granted, can do without making these premises explicit. Indeed, it might have a deleterious effect if all the premises were continually set out explicitly." (van Eemeren et al 1996, 44) Lapintie makes a similar point: "If there is no confrontation, then there is also no debate and no argument. Also, as we know from sociological and political studies on ideology, ideological solutions are often presented as natural or even inevitable, in order to avoid their being challenged." (Lapintie 1998, 196)

Speaking of privatization, it is tempting to present a party-difference hypothesis: the political right is for it, the left against it. It has also been proven that decisions for or against privatization are based on right-left

[27] "Oletettavasti meidän olisi syytä tietää mikä meidän käyttäytymistämme ohjaa", in the Finnish language version of his book, *The Age of Uncertainty* (*Epävarmuuden aika*, p. 11). Galbraith refers to what Keynes has said, "Saavutettuihin etuihin liittyvän vallan merkitystä liioitellaan yleensä verrattuna aatteiden hiipivään vaikutukseen."

political values. Schneider, Fink and Tenbücken show that "governmental ideology holds great predictive power for privatization in the 1980s but not for the 1990s, when almost all governments had privatized." Their study looked at national governments in OECD countries and privatization of three infrastructure sectors: telecommunication, aviation and electricity. (Schneider et al 2005, 704) My assumption is that cities have followed national governments some years later, and that the privatization trend at the local level is still ongoing and extending to further sectors.

If, as suggested above, mainstream ideology overshadows rational premise, it will be interesting to see if and how the arguments used relate to privatization as emerging mainstream thinking introduced by New Public Management or the neoliberal agenda. Were the premises explicit or did they remain hidden? Is it plausible that the issue of privatization was not discussed at all?

Barbara O'Keefe's[28] psychological analysis of rhetoric is highly interesting, when applied to political persuasion. "The Rhetorical assumes that communication creates situations and selves; the solution: be someone else, by transforming one's social self or identity, by taking on a different character in social interaction. The rhetorical solution is [to] create a new drama, or new characters, so as to minimize the conflict of interest." (van Eemeren et al 1996, 203) Maybe this is the secret of great, or at least successful, mayors or politicians? They seem to appear on the scene as omnipotent figures, larger than life.

A 'veto-player', according to Schneider, Fink and Tenbücken (2005) is defined by Tsebelis as "an individual or collective actor whose agreement […] is required for a change in policy." This veto-player theory assumes that "the probability of a significant policy change depends on the number of veto players in a given political system and the similarity of their preferences." (Schneider et al 2005, 714) Who are the 'veto-players' in this case? Whose arguments will sustain until the end of the process?

[28] van Eemeren et al quote O'Keefe on page 88 in O'Keefe, B. J. (1988). The logic of message design: Individual differences in reasoning and communication. *Communication Monographs*, 55, 80-103.

2.6.4 Toolbox for argumentation analysis

The researcher's task is now to extract from the argumentation theory some practical methods and tools for analysis. How to find out whether an argument is only meant to mislead the audience, or to cover up its true origins? Or, how can arguments "be evaluated as strong or weak, good or bad, correct or fallacious"? (Walton 1998, 6).

The vocabulary of argumentation theory uses the following basic concepts:

– *standpoint*; opinion, view, viewpoint, point of view, claim, thesis, something that is argued for or against
– *argument*; defending a standpoint
– *premise*; the outset, the basis of an argument, *axiom*.

For the purpose of my research, the analysis will concentrate mainly on the premises and standpoints on privatization being explicit, unexpressed or implicit in the political debate. How far will the arguments remain "non-argumentative" (Lapintie 1998, 195)? I'll follow the argumentation throughout the process as documented in the case study, but will focus on the agenda and the debate in the City Council.

The new rhetoric is a theory accredited to Perelman and Olbrechts-Tyteca. They arrived "at a theory of reasoning with value judgements". They divide points of departure into two classes: "premises relating to 'the real' [facts, truths and presumptions] and those that relate to 'what is preferable' [values, value hierarchies and loci]". For political discourse, values and value hierarchies are fundamental. "Different sorts of people have all sorts of different values and differ not so much in the values they have as in the way they arrange them in a hierarchy." (van Eemeren et al 1996, 95–104)

A general question is, whether basic principles of communication, as presented by Lapintie (a common language, right to present one's view and question the opponent's, arguments are needed to support a standpoint if it is arguable, and the need to give up or modify one's viewpoint if there are no arguments to support it) have been adhered to.

First, to identify arguments, the most frequently appearing expressions and statements as well as their sources are listed (Eskola & Suoranta 2003, 161). The topics of the council debate are presented in a table.

Second, of particular interest are fallacies. In an effort to deconstruct them, and to point to their possible origins and intentions, if necessary, I'll position myself as a fictive interlocutor of a dialogue and create contra-arguments for possible fallacies that have not been contra-argued in the documented discourse. Even if inspired by it, the method has only a superficial resemblance to Stephen Toulmin's way of introducing questions to indicate certain characteristics of claims (van Eermeren et al 1996, 140–141). Informed by Walton's words of warning, I'll use the Ten Commandments sparingly, and rely also on the listed fallacies when looking for fallacies.

Third, I'll look for unexpressed premises that are presented as inevitable, assuming that the audience will accept them as taken for granted. Perelman and Olbrechts-Tyteca's way of detecting the points of departure was to subject "cases of successful argument to analysis" (van Eemeren et al 1996, 95) To be able to do that, I'll identify the most successful arguments first, the superarguments, as I'll call them.

Fourth, as a conclusion and feedback to the overall elaboration of my research question, the argumentation analysis will have to provide answers to the following questions.

- Which were the most frequent, the successful and the 'superarguments'?
- Can the sources of superarguments be traced back?
- In the superarguments, were the premises explicit?
- Which questions were missing, were there 'absentee arguments'?
- Which superarguments could be evaluated as fallacies?

My assumption is that an incremental privatization of the public sphere is based on decision-making processes with arguments which do not make their political premises explicit but use apolitical rhetoric and soft forms of corruption instead. Regardless, the premises will become discernible in the final outcome, and hence, cities can be read as political text.

As an overall framework of the argument analysis, I'm relying loosely on Walton's four-step method, where step one is identifying the argument, step two is identifying the contexts of dialogue, step three is the burden of proof, and step four is the evaluation of criticism, which includes fallacies. As Walton notes, "the method is not meant to be applied in a purely mechanical sequence". (Walton 1998, 249–252)

2.7 Theoretical outcome: description of a process

Theory is "an account that answers to questions of why", or, referring to David Silverman, "a set of explanatory concepts which offer a way of looking at the world" (Moisander and Valtonen 2006, 19–20). My research question is: How, or through what kind of a decision making **process**, since the 1980s, are elements of the local public sphere being transferred to the global private sphere? A secondary research question is: Which are the successful **arguments** in the decision making process?

The outcome of the case study and its analysis will be the description of a privatization process of an element of the urban public sphere, with particular emphasis on the argumentation used throughout the process.

I've been encouraged by Eisenhardt, who is a strong believer in the capacity of the case study method to generate theory. "Although a myth surrounding theory building from case studies is that the process is limited by investigators' preconceptions, in fact, just the opposite is true. This constant juxtaposition of conflicting realities tends to 'unfreeze' thinking, and so the process has the potential to generate theory with less researcher bias than theory built from incremental studies or armchair, axiomatic deduction." (Eisenhardt 1989, 546–547)

The final step the researcher takes is to move from analysis to interpretation. I'll draw conclusions in particular from the cities' point of view. In addition, in my post-script I'll look at the process through a rearview mirror: Can I understand what happened simply by observing the city? "If the City is a text, how shall we read it?", as Oates asked. Is it possible to read the city as a political text? If I successfully argue that the city can indeed be read as a political text that standpoint could be subjected to further inquiry.

2.8 On criteria for validity, reliability and generalization

Two possible criteria for *validity* of research are the weight of evidence and added social value. The weight of evidence is based on a variety of tools and perspectives; that is why I'll use multiple methods to obtain information. As for added social value and contributions to society, according to David Silverman, research has to "participate in debates about public policy, provide people with new opportunities to make their own choices, offer new perspectives to practitioners and various social actors". Those are the objectives that have driven my research. *Reliability* (replicability when repeated) requires methodological transparency, and theoretical transparency of the "stance from which the interpretation takes place", which I've endeavoured to describe in this chapter. Moisander and Valtonen list professional rigour of the overall process as the third criterion for reliability. (Moisander and Valtonen 2006, 4–12)

A basic question for any research is *generalization*, the transferability of the result to other contexts and situations. The idea of generalization as "external validity" is derived from quantitative research but is inherently not easily applicable to qualitative research (ibid.). In the case of qualitative research, transferability refers to how the reader can transfer the results to other contexts. Because my intention is to describe a process, derived from a single case, I'm counting on horizontal reader transferability of my theory, here understood as an account answering the question *how*.

Part B

Conceptual framework

3 The urban public sphere

3.1 Overview

The purpose of this thesis is to research *how* privatization (the phenomenon) of the urban public sphere (the place and object of privatization) takes place. It is necessary to begin by outlining what is meant by the structure and substance of the urban public sphere, and by the transformative process of privatization.

Chapter three endeavors to collate various overlapping layers which, in my interpretation, make up the contemporary urban public sphere. The definition has to grasp a more complex reality than the mental images created by 'public space'. The distance from Piazza Navona to Facebook, from urban space to global virtual domain, has been reduced to a split second. The chapter begins with a background question: Who needs the public sphere?

In my analysis, the *agora* of the Greek *polis* creates the baseline. Habermas provides a cross-section of the public sphere of a few centuries ago, as well as an understanding of the structural elements and transformative agents of the public sphere. Arendt sheds light on the substance and actors in the private, public and 'social' realms. On top of this foundation, I'll layer several elements, both structural and substantial.

For urbanists, public space means three-dimensional *physical space*: Red Square or Central Park. Public space is seen as the *place* for democracy to become action. The central square in Canton Uri, where men would gather and make decisions about common issues, symbolizes the *political* dimension of public space and local democracy the way it was practiced until quite recently in Europe. Already for centuries, the *media* had been virtual fora for public appearance. I'll add public services and infrastructure as structural elements of the public sphere.

In this thesis *public sphere* is used as the umbrella notion, covering all of its structural dimensions, whether space, place, domain, realm, media or infrastructure. The concept covers also the substantive elements that make up the contents of the public sphere, such as public life, politics, common goods, basic services and civil society.

3.2 The Urban public sphere – who needs it?

3.2.1 The public sphere – for whom?

This is a question that makes my research relevant – or not. If no one needs the urban public sphere, it is irrelevant. To quote David Harvey, I could also ask who has the right to the city. "'Between equal rights', Marx once famously wrote, 'force decides'. So is this what the right to the city is all about?" (Harvey 2003, 941) If force decides, who has the power?

Two entities could benefit from the existence of the public space: 'the public' and 'civil society'. In his later reflections on the public sphere, Habermas tries to formulate a more current meaning of 'civil society'. The 'bourgeois society' that he had described, had included the economy, meaning labor, capital, and commodity markets. "However, this much is apparent: the institutional core of "civil society" is constituted by voluntary unions *outside the realm of the state and the economy* and ranging […] from churches, cultural associations, and academies to independent media, sport and leisure clubs, debating societies, groups of concerned citizens, and grass-roots petitioning drives all the way to occupational associations, political parties, labor unions, and 'alternative institutions'." (Calhoun 1992, 455) [Italics added by the author]

Jeffrey C. Alexander (2006) notes that "in the minds of most democratic theorists, it seems, the notion of the public points to the existence of an actual group, to actual deliberations, and to an actual place". Alexander highlights the concrete character that is assigned to as well ‘the public’ as the physical environment. He reminds that both Arendt, inspired by the ancient Greek *polis*, and “the early Habermas” also emphasized the public as a concrete space. (Alexander 2006, 71)

Harvey makes an interesting link with the neoliberal shift from government to governance. If government means only bureaucracy, societal change will have to be driven by some other institution, which may be civil society. “Non-governmental and grassroots organizations (NGOs and GROs) have also grown and proliferated remarkably under neoliberalism, giving rise to the belief that opposition mobilized outside the state apparatus and within some separate entity called ‘civil society’ is the powerhouse of oppositional politics and social transformation. […] The Gramscian idea of the state as a unity of political and civil society gives way to the idea of civil society as a centre of opposition, if not an alternative, to the state.” (Harvey 2005, 77, 78)

Echoing Harvey’s interpretation, when Langhorne discusses NGOs he explicitly notes that “we will use the term ‘private organization’ because the steadily increasing significance and range of what have been called NGOs make it perverse to describe them simply in terms of what they are not”. This comment seems to imply an interpretation that there is only a public sphere of government, mostly as an administrator, and the private sphere, but nothing inbetween. In Langhorne’s world, the real drivers are in the private sector: “Put bluntly: who ever elected a currency speculator?” (Langhorne 2001, 70, 40)

Zetter and Hamza also point out that the move from government to governance is linked to the neoliberal agenda, and that the civil society’s role is problematic. They note that in governance, “representative citizen democracy is replaced by modes of governance enacted through networks of semi-public, joint-venture, private corporate and community bodies. Rather than through large, locally elected and accountable local authorities, city-building is undertaken by different communities and interest groups with different perspectives on the process, […]” They conclude with a most cynical view that “new modes of governance have redefined agencies and communities as collectives of consumer bargaining in the urban marketplace of public goods and services”. (Zetter and Hamza 2004, 18)

Civil society has many faces. Civil society is not equal to NGOs, nor is it only the electorate or the public, or a gathering of private organizations. Because of the controversial nature of the concept the UN (2003) has suggested that "a clear distinction be made between actors that are state and non-state, and that within the non-state actors there are various categories – some of which are generally viewed by social scientists as part of civil society and some are not"[29]. As opposed to Habermas' redefinition, some UN agencies even include business and industry and local governments in the idea of civil society. On one hand, civil society is often called on to act as the watchdog for both the public and the private sectors in specific matters. That is why civil society can be portrayed as an archipelago of issue-oriented groups and marginalized. On the other hand, the expectations of its clairvoyance, its understanding of present societal conditions, and its political power are easily overestimated. In any case, the only power civil society has is its voice. If there is no public sphere, where can it speak its mind?

3.2.2 The public sphere – for what?

According to Arendt (1958) "speech is what makes man a political being". Speech needs a space where it can be heard, and it has to be possible to evaluate presented arguments as "strong or weak, good or bad, correct or fallacious" as Walton (1998) noted. This requires that the place for speech and argumentation is open for all and allows for debate and counter-arguments.

The foundations of every public sphere have been laid in the *polis* which, as Arendt notes, "has been called the most talkative of all bodies politic. […] To be political, to live in a polis, meant that everything was decided through words and persuasion and not through force and violence". "Only sheer violence is mute." Arendt brings up the same Aristotelian point as Habermas does later: politics is both speech and action. Speech is for making decisions about common issues. Action may have meant fighting wars, but in my view, today it can also mean implementing decisions by providing and producing public services, for example. (Arendt 1958, 25, 26)

---

[29] Report of the Cardoso Panel, "The diversity of actors within the UN System", *http://www.un.org/reform/pdfs/categories.htm*

Public space has to enable free communication, for which Habermas[30] defined four preconditions. It has to be "*comprehensible, true, sincere and legitimate*". Communication itself is a precondition of real democracy. (Taylor 1998, 124) The question consequently arises whether public space has to be open also for communication, which is not comprehensible, true, sincere and legitimate. The quintessential image of 'a voice in public space' is a man standing in the Speaker's Corner in London's Hyde Park. He is probably not always comprehensible or legitimate, but most likely true and sincere. What about commercial advertisement in public space? Are all ads true and sincere? In Habermas' terms, the proof for sincerity is that "the speaker must not deceive the listener" (Taylor 1998, 123).

Markets can be viewed as public space as they have been, since the *agora*, where craftsmen, farmers and fishermen bring their produce to city dwellers. Sorenson and Day celebrate the market economy: "Markets […] are essential for freedom because they permit the individual maximum freedom of choice […]" [31] (Taylor 1998, 135) However, 'freedom' is the key word here, not 'public'.

Not only civil society but also political debate, public services and markets need a public sphere. Where else would they find shelter? In your living room? In the boardroom of a company?

3.2.3 "The public space is the city"

When the City of Barcelona received the Gold Medal of the Royal Institute of Architects in 1999, Oriol Bohigas, a key player in the rejuvenation of the city, made a speech at the award ceremony. He described "the city as a political phenomenon" and "as domain of the commonalty". In Barcelona "these political and urban ideas are based on a radical statement: the city is the indispensable physical domain for the modern development of a coherent commonalty. It is not the place of the individual, but the place of the individuals who together make up a community." He called the view that the traditional city would be

---

30 As quoted in Taylor, Habermas, Jürgen (1979) *Communication and the Evolution of Society*, London: Heinemann (translated by T. McCarthy)

31 As quoted in Taylor, Sorenson, A.D. and Day, R. (1981) Libertarian planning, *Town Planning Review*, Vol. 58, no. 2, pp. 129–45

replaced by telematic networks as “a vision put forward by those who are opposed to giving priority to the collective and in favour of the privatization of the public domain”. (Bohigas 1999)

As an architect, Bohigas has two criteria for the design of public space: identity and legibility. But he does not stop at that since for him the linkage between the city and politics is obvious: “If we start out from the idea that the city is the physical domain for the modern development of the commonalty, we have to accept that in physical terms the city is the conjunction of its public spaces. Public space is the city: here we have one of the basic principles of the urban theory of Barcelona’s three Socialist mayors.” (Bohigas 1999)

The interpretation of a city and of public space is political. A city can only exist as a site of the public sphere. This understanding is fundamental to this thesis.

3.3 The Local

3.3.1 Roles and names of the local

The Greek city-state is often referred to as the origin of local democracy, but its context was not an egalitarian society. A more contemporary concept of ‘local self-government’ has ancient British roots. Locally elected people, who received no remuneration for their effort, solved local issues. But this did not yet imply that municipal authorities were in any way formally decentralised by a national government. (Mennola 1991)

The construction and the maintenance of the welfare state, particularly in Sweden since the 1980s, has radically changed the character of local government in Northern Europe and shifted the scope of their work from politics to service provision.

Global business understands the need for good local governance as the most important creator of their ‘level playing field’. By ‘local’ they sometimes mean nations, sometimes regions or cities. In his book *The Coming of Globalization*, Richard Langhorne describes the expectations of global companies on local governance. Characteristically he calls it ‘administration’. ‘Flexibility’ is another buzzword. “Flexibility of communication and administration now means that it is better to create global coalitions of regionally based firms [instead of multinationals], whose local existence is socially desirable and politically acceptable and can be the object of locally decided advantages – for example in tax breaks or *favourable variations in zoning regulations*. Here it is possible to make *a marriage between the needs of the global company and the rising significance of regional and local activities*, cultural, economic and political." (Langhorne 2001, 28–29) [Italics added by the author]

Langhorne is one of the few writers to spell out the global-local paradox, even if his definition of local is ambiguous. "[…] the pressures are coming globally, but the response is often paradoxically local or regional. In economic terms this means that the conditions which an investing company regards as most attractive are likely to be set by factors which are highly localized: wage levels, environmental conditions, taxation, the educational level of the workforce, building standards." He points to cities and metropolitan regions and underlines the withering power of the state. "A national government is seldom the best proprietor of a business park or a development area: subsidiarity, that is to say decisions taken at the lowest appropriate level, is generally applied." A region may be "powerfully motivated into supplying the desired conditions". (Langhorne 2001, 22–23) In his view, city regions are the flexible providers of an 'enabling environment' for companies.

Local government is a more accurate term, which in my view implies at least the following characteristics:

- an electoral system of representation, local democracy with popular vote and participatory governance
- in decision-making, a degree of independence from other spheres of government, a separation from central, federal or national government
- subsidiarity within a legislative framework, not token decentralisation but real authority based on a constitutional role that defines the tasks of local government with mandatory (not voluntary) responsibilities
- delegation of both powers and resources, backed by a capacity to collect taxes, to co-finance, to take care of cost recovery and so forth.

The definition 'local authorities' was used in the Agenda 21[32], the final document of the United Nations Conference on Environment and Development (UNCED) in Rio de Janeiro in 1992. It is one of the nine 'Major Groups': local authorities, trade unions, business and industry, NGOs, farmers, academia, indigenous peoples, youth and women. 'Local authorities' implies empowerment, which is not permanently delegated from central government. It can mean a central government presence at the local level, with governors or mayors appointed by central government. Local authorities are not necessarily elected representatives of citizens, but nominated bureaucrats with a limited regulatory or executive mandate. Thus, it is easy, and to a certain degree justified, to ignore their political role and view them merely as police forces and fire brigades.

The interpretation of the roles of the local level depends on the viewpoint. They can range from the technical 'enabler' to the sphere of governance closest to the people, and the main provider of public services. The notion *local* can mean anything between the state level in a federation and a grassroots community. 'Local' is sometimes deliberately misused to signify something that has little relevance. Even 'regional' or 'national' are called 'local', when seen from a global standpoint. In intergovernmental contexts, *the local level* is often used as one on a list of four levels: global, regional, national and local. It often implies a hierarchy, where the local level is at the bottom. As a definition it is meaningful only if understood as one of "all levels". Instead of referring to levels, the non-hierarchical concept of 'spheres of government' was introduced into the post-apartheid South African constitution.

3.3.1 Decentralization

"Decentralization has become an agenda for all. Its implementation is becoming more and more a test of deepening the democratisation process, a condition for the modernization of States and good governance of public affairs. [...] In Africa, decentralisation has become a definite craze and, along with regional integration, is more recognized as one of the ways to overcome the current governability crisis of African states. [33]

---

[32] www.un.org/esa/sustdev/agenda21.htm

[33] Quote from a letter of invitation to participate in the Africities 2003 congress of African Local Governments in Yaounde, Cameroon. Signed by Mr Artur Hussene Canana, Mayor of Maputo, President of the Africities Political Committee"

Decentralization means delegation of decision making authority from the national to the local level. Instead of decentralisation, Europeans talk about *subsidiarity* and of decision-making at the most appropriate level. It gives cities the mandate to, among other things, outsource their services and privatize their utilities. Without decentralization, the role of the local public sphere would remain limited to the strictly local. Real decisions would be taken in the capitals at central, mostly national, government level.

Even if decentralization is a worldwide trend, there are barriers discouraging national governments from empowering the local level. In some countries, local politics is interpreted as a reinforcement of old tribal structures, which would weaken the influence of the capital. And it is not unusual that, at the local level, power is in the hands of the political opposition. Particularly in economies in transition, local political groups may be more interested in the redistribution of national public assets than in traditional parties.

Like the European Union (EU), the United Nations (UN), has no mandate at the local level. It is easy to say that the UN must not interfere in domestic affairs, such as decentralisation, of sovereign nations. This non-interference argument is a 'politically correct' expression to forestall exploring the role of local government in global and national governance. Another counter-argument is that the local level is corrupt. There is hardly any evidence that corruption occurs more frequently at the local than at the national level. However, in some countries it may be fair to question the benefits of local empowerment if administrative capacity and democratic institutions are missing.

The *polis* must not be blindly idealized. The virtues of decentralization are not self-evident in the globalized world. If one of the goals of the neoliberal 'market enablement agenda' is to reduce state intervention and deregulate state controls, decentralization can be interpreted as one of the mechanisms to implement it. Zetter and Hamza analyze the World Bank-driven "[g]overnance reform [that] replaces the 'public service and provision' model, embedded in the growth-with-equity paradigm, with communitarian and stakeholder models of democratic decision-making. The structural purpose is to manage diversity by atomizing it and then integrating it with a consensus on the irreducibility of global capitalism. Government decentralization and the development of a stakeholder model of local democratic control are the principal instruments for this reform." (Zetter and Hamza 2004, 9) This should be kept in mind when evaluating the Camdessus report (chapter 3.6.8). Why did the bankers laud the role of the local level?

3.4 The Public

3.4.1 'Public'

Arendt gives the term 'public' two meanings. The first one is that "everything that appears in public can be seen and heard by everybody and has the widest possible publicity". The second is immensely broad and idealistic: "the term 'public' signifies the world itself, insofar as it is common to all of us and distinguished from our privately owned place in it". In this connection, she does express her concern: "What makes mass society so difficult to bear is […] the fact that the world between them has lost its power to gather them together, to relate and to separate them". (Arendt 1958/1998, 50–53)

Habermas approaches the concept from a slightly different angle. First, events and occasions are 'public' "when they are open to all". But he notes that the most common usage of 'public' is associated with publicity and "the public as carrier of public opinion" (Habermas 1962/1991, 2). This interpretation is fundamental for the notions of civil society and the public sphere.

Sennett (1974) refers to Erich Auerbach's thorough study of the definition of 'the public'. It has a similar history in English and French, from 'the common good' to the way the terms are used now. Likewise, 'in public' includes a broader realm than only being outside of family and friends. In France, the period of Louis XIV had brought about the expression 'le public', referring to the audience in the theatre, the theatrical public, which consisted of an elite group of people. The elite was shattered first by the mass production of clothes, as an example, which made it possible that "many diverse segments of the cosmopolitan public began in gross to take on a similar appearance, that public markings were losing distinctive forms". (Bridge and Watson 2002, 345)

It becomes soon evident that 'public' is so loaded with history and different connotations that in order to have any real meaning it has to become an attribute to more specific notions, such as 'public service', 'the public sector' – or 'the public sphere'.

3.4.2 Common good and public good

"[…] there were Greek cities where citizens were obliged by law to share their harvest and consume it in common, whereas each of them had the absolute uncontested property of his soil."[34] During a global food crisis this interpretation of the common good takes on a whole new meaning. In Arendt's rather cynical view, in the "modern concept of government […] the only thing people have in common is their private interests […]" In her interpretation, the medieval concept of the 'common good' was originally not a political, public concern, but a private one. It was a pragmatic matter of private individuals who understood that they have to look out for the common interest, too. (Arendt 1958, 30, 35, 69)

In *The Fall of Public Man* (1974) Sennett writes about the changing forms of public and city life and gives a thorough historical analysis, trying to unveil what has led to "unbalanced personal life and empty public life […] and the formation of a new capitalist, secular, urban culture". He traces back the etymology of *public* and *private*. "The history of the words 'public' and 'private' is a key to understanding this basic shift in the terms of Western culture. The first recorded uses of the word 'public' in English identify the 'public' with the *common good* in society; in 1470, for instance, Malory spoke of 'the emperor Lucyos […] dictatour or procurour of the *publyke wele* of Rome.' Some seventy years later, there was added sense of 'public' as that which is manifest and open to general observation." (Bridge and Watson 2002, 344–345)

An illustrative reminder of the history of the word *common* is the connotation that it still has as "piece of public land, an area of land available for anybody to use, for example, as a public recreation area or as pasture for cattle"[35] or "green, park, open space, playing field, playground".[36]

34 The quote is from a footnote in Arendt's *The Human Condition*, p. 30, attributed to Fustel de Coulanges, *The Ancient City*, Anchor ed.; 1956, p. 96

35 Source: Encarta Dictionary: English (North America)

36 MSN Encarta Encyclopedia: English (North America)

Public goods – to some extent in a similar way as *human rights* – are basically political concepts and hence highly contested at the global political level. As an example, is access to water a human right? According to a basic definition[37] public goods are hard or impossible to produce for private profit. One also encounters the concepts *common good*, *collective goods* and *global public goods*. A public good has two critical properties: non-rivalrous consumption (the consumption of one individual does not detract from that of another) and non-excludability (it is difficult if not impossible to exclude an individual from enjoying the good). The natural environment (common goods), social policy (collective goods), knowledge (global public goods), a national defense system, and a system of property rights (public goods) are typical examples. "The challenge is to define public goods in a way that does not leave the task of identifying 'public' and 'private' solely to the market but that also involves the general public and the political process." (Kaul et al 2003, 87)

A United Nations report[38] (Kaul et al 2003, 44) lists ten global public goods:

- Basic human dignity for all people, including universal access to basic education and health care.
- Respect for national sovereignty.
- Global public health, particularly communicable disease control.
- Global security or, put differently, a global public domain free from crime and violence.
- Global peace.
- Communication and transportation systems harmonized across borders.
- Institutional infrastructure harmonized across borders to foster such goals as market efficiency, universal human rights, transparent and accountable governance, and harmonization of technical standards.
- Concerted management of knowledge, including worldwide respect for intellectual property rights.

---

[37] Source: Wikipedia

[38] The UN Secretary General's *Road Map* report on the implementation of the UN Millennium Declaration, UN (2001)

- Concerted management of the global natural commons to promote their sustainable use.
- Availability of international arenas for multilateral negotiations between states as well as between state and non-state actors.

Human health and security are the focus of this list. Access to education and health care imply, however, the existence of a system of public services. Availability of negotiation arenas is an interesting one; the global world also needs *agoras*, not only for promoting peace but also for market efficiency.

The concept of public goods is controversial also because it has particular importance to developing countries. In *Understanding Poverty* Timothy Besley and Maitreesh Ghatak make the following statement: "Effective provision of public goods is a key determinant of quality of life. Conventional approaches to poverty measurement look only at private goods, but this view is too narrow. Access to safe drinking water, sanitation, transport, medical care, and schools is essential both as a direct component of well-being and as an input into productive capability." From the point of view of the poor, the authors distinguish between two categories of public goods: market-supporting public goods (with the provision of law and order as the most important one), and market-augmenting public goods, e.g. education and "some kinds of infrastructure investments, such as electricity, transport and telecommunications". The authors point out that traditional boundaries between the state and the private sector do not provide a very useful analytical basis. However, they note that public policy debates continue to discuss "how much", whereas the question to ask would be "how", through which mechanisms. (Besley & Ghatak 2006, 285–288)

From the neoliberal point of view, markets do not exist for most common goods, but have to be created by state action if necessary, in areas such as water, education, health care, social security and environmental pollution. (Harvey 2005, 2) "[…] many corporations have profiteered from withholding the benefits of their technologies (such as AIDS drugs) from the public sphere […] Thirty years of neoliberal freedoms […] have produced immense concentrations of corporate power in energy, the media, pharmaceuticals, transportation […] With disproportionate influence over the media and the political process this class (with

Rupert Murdoch and Fox News in the lead) has both the incentive and the power to persuade us that we are all better off under a neoliberal regime of freedom." (Harvey 2005, 38)

Langhorne analyzes what role weakened states can still play in the face of a globalized economy that hold the reins of power. It is the task of governments to arrange "[…] socially just reliefs for those economically destroyed by the advance of globalization, thus preserving the basic fabric of society. It is part of the provision of social capital and common goods". (Langhorne 2001, 26) The state is presented as a doctor for the poor and enfeebled, asked to heal the unavoidable wounds caused by globalization, such as unemployment, lower wages and pollution of the environment. The role of the state is to subsidize the externalized costs of globalization.

As compared to 'public services', Guislain finds that "the economic literature is more precise and useful in the definition of the concept of public good, which applies to only a few public services". He lists the same characteristics as have been mentioned above – nonexcludability and nonrivalry, (no crowding-out effect) – but makes a comment that is interesting from the point of view of my case study: "Few infrastructure activities can be regarded as public goods: traffic signaling, street lighting, and traffic control". Furthermore,_Guislain points out that even if a service is a public good it does not mean that it should be provided by a public agency. (Guislain 1997, 25, footnote 6)

3.4.3 The public sector

In Habermas' presentation of the bourgeois society, the state remains a separate structural element *outside* of the public sphere. The subtitle of this thesis could be, to paraphrase Habermas, *The Global Transformation of the Local Public Sphere. An Inquiry into a Category of Neoliberal Society.* To depict the contemporary society, the theoretical framework has been constructed in such a way that the public sector resides *within* the public sphere (chapter 3.6). Whether the public sector is also the provider and caretaker of all the elements of the public sphere or not, is being debated in the public-private dialogue.

The *public sector* is understood here simply as the counterpart of the *private* sector. Organizational theory talks about the non-profit vs. the for-profit sector. However, defining the public sector as 'not-for-profit' misses the point. Analogously, the public sector could be called 'for-public-profit' and the private sector 'not-for-public-profit', but this, of course, is not the case. Civil society organizations (CSOs) are generally considered 'non-profit' and thus exempt from taxation. The public sector, as the collector of taxes, is by definition a tax-free zone.

According to the Northern European welfare society model, the more developed a society, the more public services it provides to its citizens. The expression 'access to' is worth noting: the government does not have to provide the energy or water for free, but it must make sure that every citizen has equal access to it.

A different view is presented if the main role of the public sector is seen primarily to secure the functioning of the global economic system. Next to the preservation of "the basic fabric of society […] there is a further substantial list of potentially useful, sometimes essential, government activities. They need to improve their information and statistical data-providing services. They need to set the rules governing the economic environment in an effort to restrain the excesses of the market and discourage corruption. […] It is also important for governments to oversee the provision of constantly upgraded communications and other physical infrastructures so as to offer the best possible immobile assets to capital that might thus be encouraged to import its mobile assets and so boost employment […] Setting local rules, relieving distress, doing everything possible to stimulate inward investment, even creating the general moral and political atmosphere in which global capitalism operates locally, […]." (Langhorne 2001, 26–27)

As to the changing role of the state, Guislain's view is similar to Langhorne's. "The creation of an enabling environment that nurtures the physical and social infrastructures essential to economic growth and social well-being remains another important role of the state." However, he does not elaborate how the state takes care of this role if it is refocused or reduced to core responsibilities, such as "national defense, security, justice, foreign affairs, and taxation, although in each of these cases governmental responsibility should not rule out private sector participation". (Guislain 1997, 289)

3.4.4 Accessibility as a parameter for public-ness

There seem to be two legally contestable criteria for judging whether a space is public or not: ownership and accessibility. Ownership is not always visible. If there is no sign saying 'private road' or 'private property', we assume that a street or a park is public property and open for all. The front gardens of buildings are a typical exception. Even a light fence signals that the area is off-limits, but at the same time the space is in public view and whatever happens there is public. On the other hand, public ownership or housing public institutions makes a building public even if it is not "open to public traffic" as Habermas notes. (Habermas 1962/1991, 2)

At a behavioural level, the divide is not at all clear. "[…] cafeterias were not only a restaurant genre where a cup of coffee was served in heavy china and still cost less than a newspaper. More important, cafeterias were a cheap public space downtown" as Sharon Zukin (1991) notes. Yes, you can enter a restaurant, a shop, a gym or a cinema, but there is a price, and the owner can deny you access. Reversing the case, is it possible to gain access to public space by paying for it? Zukin describes how homeless people were removed from public spaces in the downtown area in New York. "The issue of the homeless dramatized the fact that 'public space' was no longer open to the public without conditions." "[…] city authorities made […] rules to bar the homeless from the subways, Penn Station, the bus terminals, and other public spaces, while ignoring private owners' attempts to bar the public – especially the homeless public – from such 'public spaces' as plazas and gallerias that enjoyed a zoning bonus." This refers to a New York zoning practice, where tall buildings are granted more floor area if they open their lobbies and make them accessible to the public. (Bridge and Watson 2002, 197, 200, footnote 6)

In Toronto, in a different political climate than New York, homeless people used to settle in front of the City Hall[39] in the evenings during

[39] Author's own observations in 2004. The winter was particularly cold.

cold winter days. Architect Viljo Revell's design has a car ramp leading to the 'piano nobile' where the Mayor's office and the Council Chamber are located. The ramp forms a broad canopy sheltering the ground floor main entrance. The lobby of the City Hall is manned and open 24 hours every day, and the homeless can also enter the bathrooms downstairs. For some, this is a disgrace while others think that the City must not chase the homeless away from a public building.

In my view equal access is a political issue and a necessary attribute of the public sphere even if accessibility cannot be the only measure of publicness of space. Shopping centres are a case in point[40]. They are open but you cannot organize a demonstration there. Private public space is accessible on the terms of the private owner.

Arendt has an almost apolitical view of equality. She interprets it as conformism and as an equalizing effect of mass society. "The rise of mass society, […] only indicates that the various social groups have suffered the same absorption into one society that the family units had suffered earlier [with the rise of 'the social']; […] But society equalizes under all circumstances, and the victory of equality in the modern world is only the political and legal recognition of the fact that society has conquered the public realm, and that distinction and difference have become private matters of the individual." In her understanding, the public realm of the *polis* had been reserved for individuality, "it was the only place where men could show who they really and inexchangeably were". (Arendt 1958/1998, 41) However, society is not only mass society. It is also civil society, which continues to be made up of individuals.

3.5 The Habermasian public sphere

3.5.1 Is democracy possible?

"[…] the idea that it [the 'liberal', as opposed to 'plebeian,' public sphere] claimed to embody – that of rationalizing public authority under the institutionalized influence of informed discussion and reasoned agreement – remains central to democratic theory." But now, and I'm

[40] Romu, Anni (2006) "Elämyksiä ostosparatiisissa". An interview with Guy Wires in SRVIdea 02/06 (PR magazine of a construction and real estate company) [http://www.srv.fi/files/srv/Ajankohtaista/SRV.Idea.2.2006.Suomi.pdf]

posing the same question: "can the public sphere be effectively reconstituted under radically different socioeconomic, political and cultural conditions? In short, is democracy possible?" (Habermas 1962/1991, xii) This is how Thomas McCarthy introduces the late English translation of Habermas' *The Structural Transformation of the Public Sphere. An Inquiry into a Category of Bourgeois*[41] *Society* (1989), which was originally published in German in 1962, four years after Arendt's *The Human Condition* (1958). The fact that Habermas' concept '*die Öffentlichkeit*' has been translated in English as '*the Public Sphere*'[42] is an indication of the complexity of the notion. In each language, the words point to different directions.

Habermas notes that bourgeois public sphere is typical of an epoch (Habermas 1962/1991, xvii). My efforts to define the public sphere are framed by the epoch of globalization and financialization from the 1980s on, and by the urban context. To paraphrase Habermas, my working title is: The Global Transformation of the Urban Public Sphere. An Inquiry into a Category of Neoliberal Society. Of relevance are the structural elements of the sphere, the issues dealt with within the public sphere, and the actors, or stakeholders, a more fashionable expression.

3.5.2 The Greek origin

Like everyone writing on the public sphere, Habermas traces the categories back to Greek city-states, where "the sphere of the *polis*, which was common (*koine*) to the free citizens, was strictly separated from the sphere of the *oikos*; in the sphere of *oikos*, each individual is in his own realm (*idia*). The public life, *bios politikos*, went on in the market place

[41] One could argue that both the original German word "bürgerlich" and the English translation "bourgeois", particularly with its French connotations, can be confusing, even misleading. The Finnish equivalent 'porvarillinen' would sound highly class-related, which must be the reason for the Finnish translation of the subtitle 'Tutkimus yhdestä kansalaisyhteiskunnan kategoriasta.' To add to the confusion, in the English translation also 'civil society' stands for 'bürgerliche Gesellschaft'. However, Habermas clarifies that he focuses on the 'liberal' model of the bourgeois public sphere, as opposed to the 'plebeian' public sphere, which functioned just for a short while during Robespierre, when its subject was not the "educated strata" but the uneducated "people". My conclusion is that he uses 'bourgeois' in the title as reference both to a class and an epoch.

[42] In the Finnish translation of 2004 the word 'julkisuus', which also means 'publicity' or 'in the public eye', stands for 'die Öffentlichkeit' and 'the Public Sphere'.

(*agora*)," but not exclusively there. The private sphere, 'oikos', refers to home and household, which is the etymological root for 'economy'. The free – free from productive labor – citizens' "private autonomy as masters of households" gave them the mandate to participate in public life. (Habermas 1962/1991, 3)

'Public' comes first. Referring to a German dictionary, Habermas notes that the word 'private,' 'privat,' *privatus* in Latin, appeared first in the middle of the 16th century, and meant "not holding public office or official position". "The [public] authorities were contrasted with the subjects excluded from them; the former served, so it was said, the public welfare, while the latter pursued their private interests." First Reformation changed the status of the church and religion "became a private matter". (Habermas 1962/1991, 11)

For a basic understanding of the nature of the public sphere, Habermas reminds us that both *lexis* and *praxis* were included: "The public sphere was constituted in discussion (*lexis*) […] as well as in common action (*praxis*)". (Habermas 1962/1991, 3) For me, like Arendt's 'action' and 'speech', this translates into public policy and its implementation.

3.5.3 Appearing in public

The Hellenic model of the public sphere has formed our concept of public space even if it has been interpreted in different ways during different periods. Roman law understood the public sphere as *res publica*, until the modern state separated the sphere of civil society from itself. But Habermas observes that "Tendencies pointing to the collapse of the public sphere are unmistakable, for while its scope is expanding impressively, its function has become progressively insignificant. Still, publicity continues to be an organizational principle of our political order." (Habermas 1962/1991, 4)

The idea of 'appearing in public', representing something for others in publicity, could be compared to displaying medieval "status attributes", as Habermas calls them, such as indicating a lordship. Until the end of the 18th century the "ecclesiastical and worldly lords […] and cities" 'were' the entity they represented, not delegates representing someone else. "The staging of the publicity involved in representation" required visible personal attributes, such as dress, behavior and manner of speaking, according to a "code of 'noble' conduct". How does this compare with the contemporary representation of different but worldwide commercial logo-lifestyles in shopping centres? A private person wants to represent her/himself but, unwillingly, through an act of purchasing a brand-name T-shirt, shoes or bag becomes the public representative of the brand. (Habermas 1962/1991, 7–8)

Habermas describes how secular festivities after the Renaissance "retreated from the public spaces into the enclosures of the park, from the streets into the rooms of the palace. [...] However, the basic pattern of the representative publicness not only survived but became more prominent. [...] The common people [in the streets], content to look upon, had the most fun. [...] Representation was still dependent on the presence of people before whom it was displayed". Representation needs an audience, but it also needs a forum. (Habermas 1962/1991, 9–10)

Another dimension of 'appearing in public' is to use buildings as insignia of their institutional social status. Manor houses, castles, churches and government palaces have always been designed to stand apart. Within the urban fabric, context-related institutional power positions can be read through the distinctiveness of architectural appearance. A historical analysis would put temples, castles, merchants' houses, theatres, railroad stations, sports buildings, department stores, airports, science centers and museums of contemporary art in place on a timeline of societal development. Economic globalization has meant that multinational corporations have outsourced their office buildings to firms specialized in real estate ownership. The only thing that remains visible in the public sphere are the brand name logos – often much more valuable than the buildings.

The early stages of economic globalization required newsmedia, which has since become probably the most important space for public appearance. The role of the media will be further discussed later (chapter 3.6.2). Habermas had, already in 1962, a clear view of the impact of media and advertising on the contemporary public sphere. One of the building blocks of the bourgeois public sphere was the emergence of "the traffic in commodities and news created by early capitalist long-distance trade". Long-distance trade, mostly in luxury goods, created new kinds of markets in towns: trade fairs and stock exchanges to secure financing. "In 1531 Antwerp became a 'permanent trade fair'." Habermas notes that "a far-reaching network of horizontal dependencies emerged that in principle could no longer be accommodated by the vertical relationships of dependence characterizing the organization of domination in an estate system based upon a self-contained household economy". (Habermas 1962/1991, 15)

What Habermas describes here is in fact the emergence of global cities and the information and communication society, with networks as one of their organizing principles. "With the expansion of trade, merchants' market-oriented calculations required more frequent and more exact information about distant events. […] The great trade cities became at the same time centers for the traffic in news" (Habermas 1962/1991, 16) According to Habermas, a press that was truly accessible to the general public appeared only at the end of the 17th century.

3.5.4 Public sphere of the civil society

'Civil society' is one of Habermas' key concepts. "Civil society came into existence as the corollary of a depersonalized state authority. Activities and dependencies hitherto relegated to the framework of the household economy emerged from this confinement into the public sphere." (Habermas 1962/1991, 19) As noted earlier (chapter 3.2.1), in Harvey's interpretation, the task of civil society in the neoliberal state is to formulate oppositional politics as an entity separated from government – not emerging from the private realm any more.

Habermas refers to Schumpeter's observation that the birth of the private sphere "[…] 'as a distinguishable entity in contrast to the public' only captures one side of the process – the privatization of the process of economic reproduction". Habermas stresses that while economic activity had become private, its conditions "for the first time […] were of general interest". He refers to Arendt talking about "this *private sphere of society that has become publicly relevant*". Along with the rise of the modern state "the state authorities evoked […] the *publicum*, the abstract counterpart of public authority [...] as the public of the now emerging *public sphere of civil society*". (Habermas 1962/1991, 19, 23) [Italics added by the author]

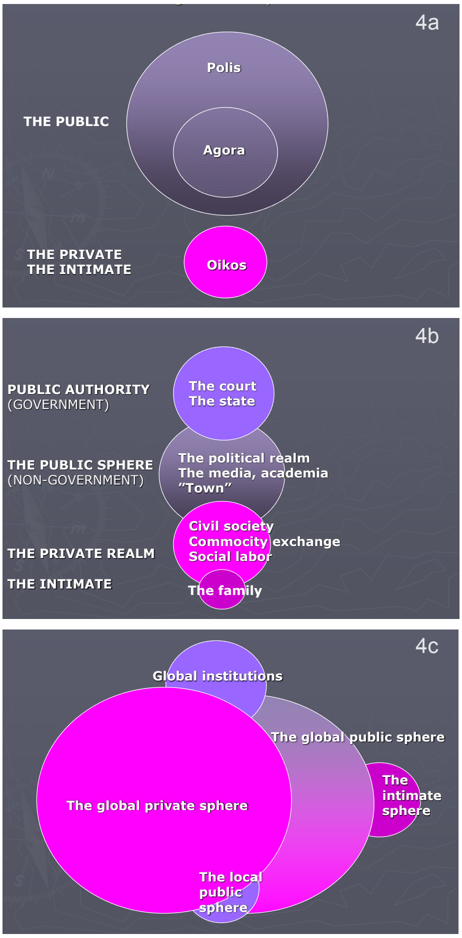
In her seminal treatise, *The Human Condition* (1958/1998), Arendt's analysis spans from Greek city-states to contemporary mass society and gives a somber view of the possibility of 'society' taking over the *polis* from the citizens of Athens. In her language, 'society' has emerged from the private realm, bringing formerly private economic issues from the family into the public realm. "The emergence of society – the rise of housekeeping, its activities, problems, and organizational devices – from the shadowy interior of the household into the light of the public sphere, has not only blurred the old borderline between private and political, it has also changed almost beyond recognition the meaning of the two terms and their significance for the life of the individual and the citizen." "The builder of the world and producer of things, *homo faber*" enters a totally different public realm, also coming from a different private realm than the Greek citizen, or the contemporary global citizen, a consumer. (Arendt 1958/1998, 38, 160)

Habermas presents the concepts of the bourgeois public sphere in the 18th century as a diagram (Habermas 1962/1991, 30) (Figure 3). The following diagrams (Figures 4a, 4b and 4c) present my interpretation of Habermas' spheres as compared to the Greek *polis* and the contemporary urban condition.

***Table 1**: A schema of social realms.* (Habermas 1962/1991, 30)

Private Realm		**Sphere of Public Authority**
Civil Society (realm of commodity exchange and social labor)	Public sphere in the political realm	State
	Public sphere in the world of letters (clubs, press)	(realm of the "police")
Conjugal family's internal space (bourgeois intellectuals)	(market of culture products) "Town"	Court (courtly-noble society)

3.5.5 From the 18th to the 21st century public sphere



***Figures 4a–4c**: Diagrams comparing the public sphere in the Greek polis (4a), in Habermas' bourgeois society (4b), and in contemporary society (4c).*

Habermas concludes that the "bourgeois public sphere may be conceived above all as the sphere of private people come together as a public". The definition implies a royalist understanding of the public as subjects or an audience. In the development process of the bourgeois public sphere into civil society, Habermas again points to cities as an enabling environment for public criticism. "The 'town' was the life center of civil society not only economically; in cultural-political contrast to the court, it designated especially an early public sphere in the world of letters whose institutions were the coffee houses, the *salons*, and the *Tischgesellschaften* (table societies)." (Habermas 1962/1991, 27, 30)

Salons were the social structure through which courts opened their doors to the *grande bourgeoisie*, and where the aristocracy met also with intellectuals. The next step was “Around the middle of the seventeenth century [… when] the coachman of a Levantine merchant opened the first coffee house. By the first decade of the eighteenth century London already had 3,000 of them […]”. Coffee houses that were visited only by men, “were considered seedbeds of political unrest”, whereas salons were shaped by women. Both were places where writers and thinkers would present their ideas. But, as Habermas notes, “social equality was possible at first only as an equality outside the state”, not in relation to it. Also, these public spheres existed “behind closed doors”. (Habermas 1962/1991, 32, 59, 35)

In 2006, only about 15 per cent of people in the world had access to the Internet. In that sense one could call the world wide web a 21st century *coffee-house*. The most crowded ‘public spaces’ in our cities are the boutique-lined shopping streets, which are frequented by the richest two per cent of the world population[43] – a small circle of *salon* regulars.

William J. Mitchell, Dean of the School of Architecture and Planning at MIT, describes the transformation of the public space – not so much the public sphere – from an e-topian internet perspective, where *urbs* (the place) and *civitas* (the community) are decoupled. He compares the Renaissance with our time: “Alberti could thus speak of the city as a place where one ‘learns to be a citizen’. But you had to be there. Today, by contrast, we learn to be citizens of multiple, dispersed, overlapping communities through diverse electronically mediated means – by surfing into virtual public places, by participating in electronically arranged get-togethers at far-flung rented locations, and by watching transmissions from physical public places that have become – like Times Square on New Year’s Eve – global media stages.” (Mitchell 2000, 96–97)

In the bourgeois public sphere debate and dialogue took place among the *audience*, as if during the intermission of a theatre performance. Habermas describes how culture and the arts were a ‘safe’ subject for the bourgeois civil society to gather around: literature, theatre, music.

43 The Wider Institute, part of the UN University, published a report in December 2006 comparing the wealth of households in different countries: *Kotitalouksien varallisuuden jakautuma*. (H.S. 6.12.2006)

The art critic became a representative of the public with a lay opinion assessing paintings that had until then only been judged by connoisseurs.

The contemporary public sphere puts the *audience*, *the civil society*, on the same theatre stage as the city, which replaces the state. Civil society, where individual people from all sectors come together as a *publicum*, is supposed to be an equal stakeholder in an open debate with local authorities. After all, the institutions of democracy are representatives of the public, not its counterparts. The intimate sphere has also been brought, or pushed, to the public sphere; nothing is hidden anymore. The global private sphere takes the place that Arendt's 'social realm' occupied, merging the economic and the private into one. The public-private-partnerships cover a vast area where the local public sphere used to be. However, global institutions, such as the UN, the World Bank or the WTO remain as closed and separate as the state was in the bourgeois society. In the following sections, the structural elements and agents of the contemporary urban public sphere are looked at in more detail.

3.6 The contemporary urban public sphere

3.6.1 Urban space and public life

In the English, French (espace) and German (Raum) languages *space* has the implied additional meaning of 'expanse beyond Earth's atmosphere'. This is not the case in Finnish[44]. However, space has always also had the connotation of 'something in-between', even that of 'void' or 'vacuum', which means that something can take place in space, it is an area available for use. Lapintie (2006) is working on "a theoretical approach to urban space informed by modal logic," as he puts it. "In short, urban space is considered in terms of possibilities, that is, the activities that are opened up for the human agent and the possibilities of change, as well as the elements of trust and fear that will be perceived and conceived." My effort is neither to define space nor urban space but instead the urban *public sphere*, and to outline what constitutes the mode 'public'.

[44] In Finnish, there are two distinct words: 'tila' stands for space or room, whereas 'avaruus' means outer space.

In my view public spaces and public life are what we interpret as cities. Cities are not made of "architecture" and buildings. In "Architecture of the City" Aldo Rossi (1982) described the transformation of the Roman Forum from a marketplace to a "true square" around the fifth century. He quoted Aristotle's *Politics*: "The public square […] will never be sullied by merchandise and artisans will be forbidden entrance […] Far away and well separated from it will be the place destined as the market […]" There is no return to the Aristotelian purity of public space, but it is a conceptual ideal.

Sennett (1974) writes about the growth of the 18th century cosmopolis and notes that "The focus of [this] public life was the capital city". It becomes obvious that public life is urban and the private life has more to do with nature. Urban public space is the indispensable stage for public life. According to him, the nature of a public square is to mix persons and diverse activities. The coincidental meeting of people from all walks of life is the social essence of urban space, which makes it public, in the end. Without people there is no urban public space. (Bridge and Watson 2002, 345)

In every city, the Departments of Public Works or Urban Planning have a clear understanding of what is the urban space that they are commissioned to plan, construct, maintain and administrate: streets, pedestrian and bicycle routes, quays, squares, markets and parks. For the street builders, public space is urban space.

Instead of public space, in Finnish it is customary to speak about "the common living room", which sounds more inviting. The expression is misleading. A living room belongs to the private, intimate sphere of a home. Unless you are a family member, you can enter only if you are invited. Public life does not take place in a living room.

All 'public life' or 'networking' does not take place in the open but goes on behind closed doors, in sponsored cultural events and invitational golf tournaments. Enrique Peñalosa, the former mayor of Bogotá, once showed a slide depicting a green rectangle amidst a dense urban carpet. With irony in his voice he said, "Sure, there are green spaces in Bogotá. However, they are only accessible to the members of the golf club".

The public sphere is "a space of appearance", as Arendt would say. If someone has "appeared in public" it does not necessarily mean a talk at Speaker's Corner in Hyde Park or in parliament. It is more likely that a sentence from an interview has been quoted in a newspaper, on television, a radio channel or YouTube.

3.6.2 Media and access to information

Information is a fundamental element of the public sphere. Free access to information is a prerequisite of democracy. Many cities regard providing access to information a basic service. Access to information can be restricted either through political power or business interests.

The issue is equally relevant from developing countries' perspective. Transparency of governance and access to information depend on the accountability of the media. "It is also becoming clear that a variety of complementary institutions are needed to support the state in delivering its functions effectively. Key among these are the media. If voters are uninformed about policy and politicians, they have little means of disciplining incumbents for poor performance. Agency problems on the part of politicians can be mitigated by effective media." (Besley & Ghatak 2006, 291)

Habermas describes the emergence of the press in the mid-17th century when trade expanded overseas and the merchants needed news and information, as briefly mentioned earlier. However, the commercialization of the press and its growing dependency on advertising affects the potential of the press as a public sphere. "For the traffic in news developed not only in connection with the needs of commerce; the news itself became a commodity." As a forum for communication, the media is part of the public sphere, but it has a key role in proactively forming public opinion, too. "[The newspaper's publisher] changed from being a merchant of news to being a dealer in public opinion." Nevertheless, we continue to idealize the role of the press as the fourth constitutional power, the watchdog of democracy. Habermas notes also that public authorities were quick to understand the usefulness of 'gazettes' and "the addressees of the authorities' announcements genuinely became the 'public' in the proper sense". (Habermas 1962/1991, 21, 182)

In his critical account of the present state of democracy in America, former Vice President Al Gore[45] quoted Habermas: "[Habermas] describes what has happened as 'the refeudalization of the public sphere'. That may sound like gobbledygook, but it's a phrase that packs a lot of meaning. The feudal system which thrived before the printing press democratized knowledge and made the idea of America thinkable, was a system in which wealth and power were intimately intertwined, and where knowledge played no mediating role whatsoever. The great mass of the people were ignorant. And their powerlessness was born of their ignorance."

Gore reminds us that the founders of the United States knew all about *fora* and *agoras*. Gore makes the important link that democracy only works if people are informed. Only then can governments be accountable to people, only then can corruption be unveiled. But if news becomes entertainment, because of the privatization of the news media – of the public sphere – it is news no more. "The advertising of products, of course, is the real purpose of television", Gore summarizes.

Let us make a test. Would it be possible to replace the word "television" in Gore's sentence by some other element of the public sphere? How would it sound? The advertising of goods, of course, is the real purpose of squares, facades, streets, parks and public buildings. The advertising of products, of course, is the real purpose of buses, trams and bus stops, or any other part of public infrastructure.

In 2006, Google had become the 27th largest listed company among stocks traded in the United States, bigger than Coca Cola, for example[46]. Investors believed that Google would revolutionize advertising as an endless global platform. That same year the company was widely criticized after it allowed the Chinese government the right to restrict access to certain websites on Google. "We had a choice to enter the country and follow the law. Or we had a choice not to enter the

[45] Gore, Al (October 2005) American democracy is in grave danger, speech at the We Media Conference in New York, source http://news.yahoo.com/news?tmpl=story&u=/ap/20051006/ap_on_re_us/gore_text_1 [13.10.2005]

[46] Source: Google and http://moneycentral.msn.com/content/CNBCTV/Articles/Dispatches/P136522.asp [16.4.2006]

country."[47] This is how Eric E. Schmidt, Google's Chief Executive Officer, described the company's alternative while in China to promote Google's new Chinese search engine. The internet is a public sphere that political power wants to control. Curfews are declared not only on streets but on the web, too. Multinational companies become guardians of the virtual streets, joining forces with governments.

3.6.3 Virtual space as public domain

As a forum for public appearance and political argumentation, virtual space is as important as any other space or media. An action can take place at Tiananmen Square, but it becomes truly public only after it has been broadcast on CNN, a private global news channel, and can be later traced through Google. 'La rue' talks via ICT (information and communication technology). The virtual and publicly accessible – even if commercial and thus privatized – public domain is invisible but omnipresent.

There is a specific and narrow meaning for public domain. "A creative work is said to be in the public domain if there are no laws which restrict its use by the public at large."[48] Archimedes' inventions, the Bible and the Qur'an also form part of the public domain, because they were created before copyright and patent laws. In the U.S., public domain is also "a term used to describe lands that were not under private or state ownership […] as the country was expanding" [49], in fact land taken from native Americans. More recently, public domain often refers to space within the *computer-generated but openly accessible digital world. A private website address like http://www.kaarintaipale.net is* part of the public domain.

Mitchell has questioned the character of virtual meeting places: "[…] most importantly, perhaps, who will pay for them, who will control them, and who will have access to them? Will they be universally accessible public property, like the streets of a city? Will they be commercially operated pseudo-public places, like malls and Disneylands?

47 Quote of the Day in the electronic version of Today's Headlines of *The New York Times*, Thursday, April 13, 2006. http://www.nytimes.com/todaysheadlines [13.4.2006]

48 Source: Wikipedia, http://en.wikipedia.org/wiki/Public_domain [16.4.2006]

49 ibid.

Or will they be like private clubs, with the electronic equivalents of velvet ropes and beady-eyed bouncers?" However, even when doubtful about virtual space, Mitchell takes for granted that the urban streets are "universally accessible". (Mitchell 2000, 86)

Mitchell (1995) understood how cyberspace will change our cities. He pointed out that it "offers new opportunities for mutual interests, new identities, and self-representation, and the people's rights to create private and public, or semi-public spaces in cyberspace is fiercely contested. Virtual communities, the different sites where people meet, are, like grand urban designs, large-scale structures of places and connections which are organized to meet the needs of their inhabitants which are governed according to certain norms and customs" Sennett (1974) noted about the 18th century cities that as they grew, "[…] places where strangers might regularly meet grew up." There is a daunting correlation to the 21st century cities of the internet age, where people get to know each other on commercial dating websites. (Bridge and Watson 2002, 6, 346)

No national or local government can do without websites and services that are available on the net. According to a United Nations study published in 2008, the best citizen portal is the Danish borger.dk (citizen dot Denmark). It includes 3,000 pages and has been put together from the citizen's – not the government's – point of view. The citizen does not have to know, which department or which level of government is in charge of her or his question. By 2012 the Danes want to have all public services accessible through the same portal, and each citizen will have her or his own website. At the beginning of 2008, according to a newspaper report[50], about 100,000 Danes used the Borger.dk portal each week. Of which urban square could we say the same?

The *agora* as market has also moved to the web. "Historically, the last public realm, the last meeting place which is at least connected with the activity of *homo faber*, is the exchange market on which his products are displayed." (Arendt 1958/1998, 162) Today the lion's share of trading takes place in the virtual marketplace. The immaterialization of products and services and globalization of the economy contribute to the

[50] Oksanen, Annukka. Tanskassa palvelut yhdestä osoitteesta. *Helsingin Sanomat* 27.1.2008

growth of the digital markets. The virtual and the real merge together. As a local example, a port in Western Finland has its virtual portal, Logistics Turku Region[51]. “Got a package to deliver and searching for a service provider? Leave a request.”

The internet has boosted the globalization of Civil Society and thus strengthened its role and voice. GTI – Great Transformation Initiative[52] calls itself “a network for elaborating visions and strategies for a future of enriched lives, human solidarity and a healthy planet”. It functions like a Think Tank, producing discussion papers. GTI has both a public website and a separate “Participants Space” where invited members log in with their name and password. In an internal discussion on the GTI platform, someone noted that “it seems to me we need to distinguish more clearly between ‘civil society’ as a *space*, and the organizations that are active in it, especially when we start communicating outwards. I get the impression from this paper […] that we tend to equate the whole *space* with the more militant organizations active in it”.[53] What struck me was the usage of the word *space* in this connection: describing the realm of the civil society, regardless of geographical or substantial location. The digital space of the virtual Think Tank overlapped with the Civil Society space. There were no more categories, classifications or boxes, but simply *space*. [Italics added by the author]

3.6.4 Mobility in urban space

Movement is necessary for the perception of the three-dimensionality of urban space. The speed and means of mobility are crucial for the reading of space. *Learning from Las Vegas* (1972) taught Robert Venturi what movement by car means for cities. Advertisement has to be dimensioned and located so that it is easily legible to anyone passing by in a car.

“[…] public space has become a derivative of movement,” notes Sennett (1974), referring particularly to the motion by private car. This is

---

51 http://www.logisticsturku.fi/logistics/cms.nsf/pages/indexeng [12.4.2006]

52 website of GTI – Great Transition Initiative: http://www.GTInitiative.org [12.4.2006]

53 From a “Comment GTI Paper #17 – World Lines” message by Nicolas Lucas, distributed as an e-mail 12.10.2006 by the GTI PaperSeriesListmanager, also available on the GTI website

why now "the public space is an area to move through, not be in". People take "unrestricted motion of the individual to be an absolute right" and "space becomes meaningless or even maddening unless it can be subordinated to free movement". In connection with movement, Sennett writes also about "isolation" which means that even when a person is within public space – on a street, but in a car – she/he is in a private space: "[…] as one can isolate oneself, in a private automobile, for freedom of movement, one ceases to believe one's surroundings have any meaning save as a means toward the end of one's own motion". (Bridge and Watson 2002, 343–344)

The decision as to whether urban space is primarily for cars or for pedestrians is the decision about who has the right to the public sphere. The car driver remains in the private, even intimate, sphere. The man walking on the same street is a citizen in the public sphere. "The act of walking is to the urban system what the speech act is to language or to the statements uttered." Walking, according to de Certeau (1984), is a space of enunciation. "The ordinary practitioners of the city life […are] walkers […] whose bodies follow the thicks and thins of an urban 'text' they write without being able to read it." (Bridge and Watson 2002, 387, 384)

3.6.5 The political sphere: 'polis' and 'la rue'

As noted earlier, in Greek city-states the sphere of *polis*, which was common to free citizens, was clearly separated from the sphere of *oikos*, the private life. Arendt describes the origins of politics: "The rise of the city-state meant that man received besides his private life a sort of second life, his *bios politicos*. Now every citizen belongs to two orders of existence; and there is a sharp distinction in his life between what is his own (*idion*) and what is communal (*koinon*)." According to Aristotle, two activities constituted political life: action (praxis) and speech (lexis). *Agora* was the public meeting in which men could distinguish themselves by speaking. This is also the origin of Aristotle's distinction between rhetoric, the art of public speaking, and dialectic, the art of philosophic speech. (Arendt 1958/1998, 24–26)

In Athens, politics was a necessity. Even if only the few free citizens could enter the *polis*, it was their duty to do so and to take care of the common concerns. Total freedom would have meant also freedom from politics, from the "task of finding all that is necessary for life" (Arendt 1958/1998, 14, footnote). The *polis* knew only equals, whereas the household was the center of inequality.

Before the student demonstrations in May 1968 in Paris, "the Los Angeles district of Watts blazed as a result of one of the worst race riots in American history (32 deaths, over 800 people injured)" as Erik Swyngedouw writes. "Taking to the streets, reclaiming the streets, seemed to be the only alternative left for the disenchanted and disenfranchised lower classes, whose call for participation in the modernization process had been ignored too long." (Swyngedouw n/a) This image describes the contemporary condition as precisely as the one forty years ago.

People continue to take to the streets to express their dislike of politics. In 2006, immigrant youth demonstrated in the outskirts of Paris. "'La rue' won again", was the title of a newspaper editorial[54] referring to the next riots in Paris a few months later. President Chirac withdrew the proposed labor law which the students had protested against. Whether the students were right or the government wrong, is irrelevant, but *la rue* still counts. During the same weeks the peace-loving middle class of Thailand filled the streets in Bangkok and forced the corrupt Prime Minister to step down. Democracy walked the streets of South East Asia, too.

Harvey described the political impact of financialization: "In the event of a conflict between Main Street and Wall Street, the latter was to be favoured" (Harvey 2005, 33). Even at the level of language mere names of streets and squares are understood as symbols of the institutions and power that they represent: Eteläranta 10, 10 Downing Street, Madison Avenue, Wall Street.

A global newsletter devoted to civil society issues published an interesting comment[55] linking a growing number of public demonstrations to the weakening of democracy. This is in contradiction to a rather common, but obviously naïve, idea of only democracy allowing for

---

[54] "'La rue' voitti jälleen", editorial in *Helsingin Sanomat*, 11.4.2006

[55] Comment by John Fitzgibbon in *e-CIVICUS*, Issue No. 287, 13 April 2006, published by CIVICUS World Alliance for Citizen Participation

demonstrations. “The question is – was democracy ever alive? The number of people voting is declining generally. Public street dissent is rising and becoming, and/or, being suppressed more violently. That, in many cases, is a reflection of people’s feeling of powerlessness that leads to apparent apathy, widespread and growing addictions and/or vandalism emanating from despair, and street protest.”

3.6.6 Power

In the urban public sphere, power resides in the public sector and in people, either as voting and speaking citizens or as silent consumers. However, power always seems to reside somewhere else, too, somewhere on the outside. “Power is what keeps the public realm, the potential space of appearance between acting and speaking men, in existence.” As Arendt notes, there would be no public sphere without power. In the contemporary world it is impossible to think of power without thinking of cities, too. “The only indispensable material factor in the generation of power is the living together of people. […] the foundation of cities (which as city-states have remained paradigmatic for all Western political organization) is therefore indeed the most important material prerequisite for power.” (Arendt 1958//1998, 200–201)

In Koskiaho’s analysis, “particularly civil servants and top politicians hold these days a similar position than the free men did in the Antique within their communities”.[56] Civil servants and consultants try to position themselves above other stakeholders with expert power. However, they are not successful, if their knowledge is not politically desirable. Knowledge serves power, as Jouni Häkli notes. But according to him, “the critical thinking of Michel Foucault (power defining knowledge) provides better tools than Habermas’ constructive optimism (about the possibilities of communication). […] The stakeholders are already late before there is time for any participation”.[57] In my interpretation,

[56] Translation by the author. Original in Finnish: “Erityisesti virkamiehillä ja johtavilla poliitikoilla on tällä hetkellä samankaltainen asema kuin antiikin vapailla miehillä aikoinaan omassa yhteisössään”.

[57] English translation by the author. Original in Finnish: ” […] Michel Foucault’n kriittinen ajattelu (vallasta tiedon määrittäjänä) tarjoaa parempia välineitä kuin Habermasin rakentava optimismi (kommunikaation mahdollisuuksista). Osalliset ovat myöhässä jo ennen kuin osallisuus on tullut ajankohtaiseksi”.

Häkli's pessimistic view is based on the fact that the contemporary public sphere is dysfunctional, because citizens don't have access to real information and to true communication. (Bäcklund et al 2002, 40, 117)

In real life, sometimes civil servants hide behind the backs of politicians, while elected officials complain that they are mere rubber stamps, manipulated by civil servants. Power always seems to be somewhere else. Henri Lefebre points out the same problem: "Battles are fought against the encroachments of a central authority and state pressure. But we know that the real problems lie elsewhere, that the most important decisions are made elsewhere. This creates a sense of disappointment in urban reality because we know that there is something outdated about the reality of the town or small city, that it is becoming an embarrassment." (Lefebre 1970/2003, 183)

To make a broad generalization, neoliberalism sees the citizen as an empowered consumer, who chooses services from the liberalized market. According to this view the public sector should not regard itself as wiser, knowing better what kind of services the citizen will need and how they should be provided. (Bäcklund et al 2002, 23, 52, 87) This 'freedom of choice of the consumer' -argument is often used when outsourcing of public services, public-private partnerships or privatization of public utilities is advocated. It means delegating the purchasing power of the public sector to the consumer.

3.6.7 Basic public services and infrastructure

Some texts use the term 'basic needs' as synonymous to 'basic services' which, in my interpretation, are services to cater to basic needs. They would include at the very least water, energy, basic health care, education, social services, access to information and public transport. In the European Union, the term used is 'public services', or 'services of general interest' as opposed to 'services of general economic interest'[58]. There is a continuing legal and political debate about the definition of these services.

Referring to what are here called 'basic public services', Habermas describes the categories of ancient German and Roman law: "*gemeinlich*",

58 In a position paper of the Socialist Group in the European Parliament, May 2006

“common” and “*publicus*” in contrast to “*sunderlich*”, “particular” and “*privatus*”. “[…] for common use there was public access to the fountain and market square – *loci communes, loci publici*.” (Habermas 1962/1991, 6) Public access to the fountain, water, is used as the typical example of a basic public service.

Habermas also reminds us of a link between basic social rights and welfare and human rights as defined in the United Nations Declaration of Human Rights of December 10, 1948. The declaration lists, among others, the right to a minimum standard of living and health care, and the right to education and culture. (Habermas 1962/1991, 225, footnote 115)

The welfare state is supposed to secure its citizens access to basic services. Until roughly the 1980s the provision of services and the maintenance of the required infrastructure were in many countries considered a task of the public sector. Since the introduction of New Public Management principles, it has become more common to separate the two roles: access provider and service producer. Consequently the public sector has started outsourcing production. A focus on the price of service delivery has meant that ownership and maintenance of infrastructure have occasionally been neglected.

The overall picture is complex today. Some municipalities still own their water and energy utilities and infrastructure, retaining them within the public sphere. Others have commissioned, for example, the provision of water services to a multinational company, while the distribution networks may remain under mixed public-private ownership.

Telecommunication networks have gone through the most thorough privatization process of all formerly public services and infrastructure. Osmo Soininvaara[59], a former city councillor and Green Member of Parliament, brought up the issue of a wireless local area network (wlan) in Helsinki. The municipality had been asked to build the wlan for the citizens. The conservative Mayor’s response was that it is not a task of the public but of the private sector. Soininvaara disagreed. In his opinion it is no different from tram tracks, whereby it would not have been

[59] Soininvaara, Osmo, colums “Langaton netti Helsinkiin” in the local newspaper *Helsingin Uutiset*. 10.4.2006

wise to have competing companies build their own lines with different widths. Wlans competing with each other make no sense, either. We'll need just one network, which, in order to avoid the misuse of a monopoly position, will have to be owned by its users. There is no one else to better represent the Helsinki residents than the city itself, he noted.

As an alternative, the City of Helsinki could have cooperated with Helsinki Energy, the utility owned by the city, to build broadband access in connection with the electricity infrastructure. The Mayor argued that the municipality shouldn't interfere with 'free market mechanisms'. At the same time, cities as different as Reykjavik and Tallinn have taken an opposite stand: they've decided to consider access to internet a public good, and its provision a basic service. A different solution was found in Arabianranta, a new mixed use area in Helsinki. Arabianranta calls itself a "Living Lab"[60], which refers, among other things, to the fact that there is a fibre optic broadband network delivering 10 Mb connections to every home. The last mile of the net is owned by the residents. Delivering access to information is considered part of public infrastructure just like delivering gas or water.

In Helsinki, public libraries decided early on to provide citizens with free access to the internet, which can be considered part of the public sphere. This is also true in a developing country metropolis like São Paulo, where the municipality put up internet kiosks in the poorest neighbourhoods to help the most disadvantaged people bridge the digital divide.

At the same time, the most visible infrastructure – streets, roads, bridges and tunnels – while used by both private car owners, public transport and pedestrians, is for the most part publicly owned and maintained. In this way the public sector subsidizes the people who drive their private cars. A European study comparing three German cities showed that in 2001 the amount of the subsidy was between 110 and 145 Euro per inhabitant per year. (Krauth 2001)

A difficult issue from the perspectives of competition versus monopoly and infrastructure versus service is that most services need only one

---

[60] Helsinki Living Lab – Arabianranta belongs to a European network of Living Labs [www.openlivinglabs.eu]

infrastructure. "[…] how to interpret monopoly power" is a problem in the neoliberal theory that is based on the ideal of competition. Competition, however, "often results in monopoly or oligopoly, as stronger firms drive out weaker". One way out is to say that it is all for the sake of maximum efficiency. But what about the so-called 'natural monopolies'? "It makes no sense to have multiple competing electrical power grids, gas pipelines, water and sewage systems, or rail links between Washington and Boston." (Harvey 2005, 67)

3.6.8 Water as an example

Throughout this thesis, water services are used as a typical public good and basic public service. Water services are a prime example of the phenomenon of privatization. At the same time, it is my hypothesis that a similar process takes place when other basic services are concerned: e.g. energy, public transport or communication infrastructure.

The World Panel on Financing Water Infrastructure, under the chairmanship of M. Michel Camdessus, the former President of the International Monetary Fund (IMF), launched its report, Financing Water for All (FWA) (Winpenny 2003), at the 3rd World Water Forum (WWF3) in Kyoto in March 2003. International financial institutions (IFIs) and multinational water companies were represented on the panel. The report weaves together several issues that are discussed here: decentralization, the role of cities, and the role of the private sector in delivering a public service.

No one expected the Camdessus report to be groundbreaking in highlighting the importance of the local level. The report talks about 'the sub-sovereign issue', since 'decentralization' would most likely be too political a notion. A whole chapter is devoted to *Sub-sovereign entities* and another one to *Promoting local capital markets and savings*. "The sub-sovereign level of government has the greatest potential to raise the quantity and quality of water services. In most countries, local governments – or their public local water authorities – are responsible for providing collective water services. Where provision is inadequate, sub-sovereign bodies can best identify local solutions, organise their implementation and manage distribution. There is a better chance of good choices being made over the technology and level of service being provided if the decisions are taken at a decentralised level." However, "one of the main blocks to progress in water is the sub-sovereigns' lack of access to money and lack of good management skills". (GWP 2003, 15–18)

Following up the Camdessus Report, the World Bank/IMF Development Committee discussed the report and issued a positive five-page statement with a commitment to address some of the specific recommendations of the report. A Municipal Finance Group was created with the intention of making direct investments in municipalities, without sub-sovereign guarantees. (Hall, A 2003)

3.6.9 Strategic infrastructure

The invisible technical infrastructure – distribution networks of water, energy and communication – is the true support structure of urban life. Until now, most of it has been under public ownership and thus part of the public sphere. In industrialized countries we've grown so accustomed to a reliable service infrastructure that we tend to forget its existence. However, awareness of the strategic nature of basic services is increasing. This raises the question about the accountability of the service and infrastructure provider. "[…] privatization affects practically all economic sectors. Even activities traditionally reserved for the public sector are increasingly being entrusted to private operators. […] almost all large transactions of the past six years have occurred in 'strategic' sectors that traditionally used to be publicly controlled: utilities, such as telecommunications, power, or gas; natural resources, including hydrocarbons and mines; railways; steel; and financial services, including banking and insurance." (Guislain 1997, 3)

Maybe a crisis is indeed needed to initiate systemic change. Black-outs caused by fractures in energy networks in North America have alarmed people. After Russian authorities closed off the natural gas pipeline in Ukraine during some particularly cold winter days in 2005, the transnational piece of infrastructure lost its innocence as simply a piece of technology. Instead, infrastructure became strategic and political. The liberal ideology of privatizing not only resources and service delivery but also infrastructure may have already reached its apex, at least in Europe.

The withdrawal of the Dubai-based port operating company from US markets offered a similar indication. Dubai Ports World sold the ports that it owned and managed in the United States to a US insurance company. This put an end to a bitter dispute about the power of Arab investors on the American continent. Dubai Ports World, the world's biggest container port operator, gave in to the political pressure of Americans who were concerned about the security of their ports. In the name of free markets, President George W. Bush would have naturally approved of the company, which is owned by the United Arab Emirates. The U.S. House of Representatives did not.[61]

Another indicator of change was the EU directive about European Critical Infrastructures[62]. The European Commission (Directorate-General Justice, Freedom and Security – DG JFS) announced a series of measures which aims at protecting critical infrastructure in Europe. The proposed directive listed 11 sectors of critical infrastructure, of which transport infrastructure is one. Infrastructure is needed for local service provision, but its reliability is also becoming a regional and global issue.

3.7 Conclusions

Politics is both speech and action. Violence comes when speech is over. Daily explosions of suicide bombers and car bombs in the streets and market squares of Iraq and Afghanistan are the ultimate public actions, the only messages that will be heard in the public sphere of global television networks' newscasts. The extreme alternative to no dialogue and no public space is violence and chaos, dictatorship and military regimes. The essence of the public sphere is the possibility of participatory governance.

The urban public sphere, the contemporary *polis*, is a public good which has to be guarded by the citizens. It is a space for which the rules

[61] H.S. 13.12.2006

[62] E-mail newsletter from European Sea Ports Organisation ESPO (12.12.2006), [http://www.espo.be/media/ezine/printer.gif]

have to be agreed upon in a democratic process. The public sphere is accessible to everyone who respects the rules. The public sphere itself is the space for participatory decision-making processes about common issues and common goods, such as public services and infrastructure.

The urban public sphere is not only for the audience: the civil society as a collective entity, and individual citizens. The local public sector, the city, is an essential element of the urban public sphere, not a power domain outside of it. In the public sphere, citizens are equal also in relation to the city or the state.

The public sphere is the forum for public life, for public appearance and for political debate and speech, rhetoric, as well as action – like building infrastructure and providing services. It has several overlapping layers, such as urban space, the media, virtual domains, political space and the space of public services. The issue of the ownership of the elements of the public sphere remains debatable. We are getting accustomed to the situation where private media is regarded as a potential forum of public appearance.

4 Privatization

4.1 Overview

Chapter four will examine privatization, a procedure through which elements of and from the public are transferred to the private sphere. The notions of ‘private’ and ‘private organization’ form the basis. ‘Globalization’ and ‘financialization’ are explored as drivers, while advertisement and corruption are analyzed as indications and side effects of privatization.

In terms of organizational research, the context of my study is a public organization, local government (instead of a national or federal government or a non-profit organization), in a specific city (urban instead of a rural municipality, village, community or neighborhood). Organizational research studies primarily private sector organizations. A grey area emerges at the intersection of the public and the private sectors.

Both sectors mimic the organizational models and rhetoric of the other. However, there will always be a watershed. What are the ‘core functions’ of the public sector? What can be outsourced? But if private organizations take over the tasks of public organizations, how do they communicate with each other? Do they speak the same language?

4.2 The Global

4.2.1 Globalization

Arendt opened the prologue of her treatise, *The Human Condition*, by noting that "In 1957, an earth-born object made by man was launched into the universe" and wrote that this flight of a man-made satellite was "[… an] event, second in importance to no other, not even to the splitting of the atom". For Arendt, the noteworthy aspect was that the Sputnik was seen as a "step toward escape from men's imprisonment to the earth". (Arendt 1958, 1) Other writers have pointed to the first manned space flight. It offered the possibility to see the planet Earth as one object from the outside for the first time, which meant a radical change in people's perception of the world.

Already in 1958 Arendt saw clearly what was coming and what would be the impacts of what we now call globalization. "The decline of the European nation-state system; the economic and geographic shrinkage of the earth, so that prosperity and depression tend to get world-wide phenomena; the transformation of mankind, which until our own time was an abstract notion or a guiding principle for humanists only, into a really existing entity whose members at the most distant points of the globe need less time to meet than the members of a nation needed a generation ago […]" (Arendt 1958/1998, 257)

In Thomas L. Friedman's account, what he calls "Globalization Round II" goes back to the fall of the Berlin Wall in 1989. The Cold War had been "the dominant organizing framework for international affairs". In his view, globalization replaced the Cold War: the juxtaposition between the (non-democratic) Communist East and the (democratic) Capitalist West. Thus, if globalization means spreading the capitalist ideology of free markets, it is assumed to be associated with democracy, as well. "Free markets and democracy" was celebrated in the full-page ad of Merrill Lynch in 1998 with the title "The World Is 10 Years Old". Friedman notes that "thanks to the combination of computers and cheap telecommunications, people can now offer and trade services globally – from medical advice to software writing to data processing – services that could never really be traded before." (Friedman 2000, xvi–xviii, 6)

For Langhorne, a political scientist, the priority is that the global economic system works. He also stresses the developments in communication starting from ships to railroads, telegraph and telephone. The most important drivers of globalization are "the combination of the microchip computer and the orbiting satellite". The role of the weakening state, which he sees primarily as a bureaucracy, will be to cushion the blow of economic globalization, make people come to terms with it, and secure a smooth functioning and a level playing field for markets. "It is the task of governments to make the global economic system work both better and more acceptably. He characterizes states as vertical, and contemporary global firms as horizontal organizations, which will have to find new arrangements to regulate the new global activities, as far as they need to be regulated. (Langhorne 2001, 54, 26)

While Sassen writes about the 'global city', Langhorne focuses on the 'global company' as opposed to the multinational company, its earlier incarnation. He links the global company to new patterns of consumption, marketing and advertisement. "Multinational entities increasingly view the world as a single entity for obtaining supplies, finance and for providing them with markets. The global company has subsumed the multinational both in its style and operationally because of the arrival of fully global markets, the availability of a global labour force, the emergence of global electronic commerce and, with some commodities, the existence of a global culture creating global fashions." (Langhorne 2001, 28)

Globalization took a different turn with the implementation of new economic policies. The years 1978–80 are the turning point, according to David Harvey. He lists four names of people who took office in those years: Deng Xiaoping started the liberalization of the Chinese economy in 1978; Margaret Thatcher was elected Prime Minister of Britain; Paul Volcker took command at the US Federal Reserve in 1979; and Ronald Reagan was elected President of the United States in 1980. (Harvey 2005, 1) In Harvey's view, neoliberalization meant the financialization of, in effect, everything, and the introduction of privatization as a mainstream strategy. I wish to add to Harvey's analysis: the decline of the nation state and the strengthening of the roles of global institutions and cities.

4.2.2 Global institutions and GATS

One of the hypotheses of this thesis is that the impacts of globalization hit the local level directly, and that cities have no voice in the global institutions that define the rules. This subchapter gives some examples.

In their highly critical appraisal of the World Bank's urban policies, which were introduced in the 1990s, Zetter and Hamza note that "urban government is increasingly cast in the role as an 'enabler' and decreasingly in the role as the supplier or regulator of public goods, such as land and housing, services and infrastructure". A formulation about the separation of 'production' and 'provision' (chapter 3.6.7) of key urban services is particularly enlightening and has relevance to several of the points elaborated in this thesis. "Indeed, one of the basic characteristics of the neo-liberal state is to separate policy-making from implementation, and to isolate the production and provision of urban public services from public control." They conclude that the contrast between "the city as a business" and "the city as a social entity" responding to the needs of its citizens, could not be more striking. (Zetter and Hamza, 2004, 16)

"The World Trade Organization (WTO) is the only global international organization dealing with the rules of trade between nations. At its heart are the WTO agreements, negotiated and signed by the bulk of the world's trading nations and ratified in their parliaments. The goal is to help producers of goods and services, exporters, and importers conduct their business."[63] The WTO was established in 1995, and in 2007 its membership covered 151 countries. Based on its mission, one might think that the WTO is irrelevant for cities and vice versa. Since its establishment, when it focused on tariff cuts and fairer markets for farmers, the agenda of the WTO has broadened to include, among other issues, environment and competition policies as well as cross-border trade in goods and services.

The WTO negotiation rounds are a typical case, where local governments have practically no say in making decisions that will have

---

63 http://www.wto.org/english/thewto_e/whatis_e/whatis_e.htm [accessed 14 February 2008]

a profound impact on their daily work. In the present 'Doha Development Round', which started in 2001, the overall goal is to lower trade barriers and allow free trade between both developed and developing countries. Of particular interest to cities have been the negotiations on the General Agreement on Trade in Services (GATS), which was originally created during the previous Uruguay Round and entered into force in 1995.

In the WTO's own words, "[t]he GATS was inspired by essentially the same objectives as its counterpart in merchandise trade, the General Agreement on Tariffs and Trade (GATT): creating a credible and reliable system of international trade rules; ensuring fair and equitable treatment of all participants (principle of non-discrimination); stimulating economic activity through guaranteed policy bindings; and promoting trade and development through progressive liberalization".[64]

Services had been an untapped area of global trade. The WTO stresses the fact that services account for over 60 percent of global production and employment, but they represent only 20 per cent of total trade. "Many services, which have long been considered genuine domestic activities, have increasingly become internationally mobile." According to the WTO, this trend is likely to continue due to, among other things, "the opening up in many countries of long-entrenched monopolies (e.g. voice telephony and postal services), and regulatory reforms in hitherto tightly regulated sectors such as transport".

Because of the difficulty in defining 'services' and 'public services', what is covered by GATS, and what is not, one of the noted exceptions is "services supplied in the exercise of governmental authority". "These are services that are supplied neither on a commercial basis nor in competition with other suppliers. From the perspective of local

64 http://www.wto.org/english/tratop_e/serv_e/gatsqa_e.htm [7 February 2008]

government the most controversial points of GATS are (b) and (c) of Article I, paragraph 3. [65], [66]

When asked whether public services could be subject to the GATS requirements if they were tendered or outsourced, as is increasingly the case, in 2004 an EU spokesperson acknowledged that "they will fall under the coverage of the GATS obligations" but made clear that this might only occur where a government had made specific offers in a particular sector, notably cultural and environmental services, so it would "depend on the judgement of each WTO Member State" which public sectors might be vulnerable to GATS obligations. Not clear at all.[67]

The present interpretation is that only as long as a city produces a service itself, it is exempt from WTO rules. But the moment the city decides to outsource a service, it is out in the global market. The rules impact directly on the ability to set procurement criteria regarding a contracted service, such as giving preference to local goods and labor. Domestic regulations can be seen as "unnecessary barriers to trade" through the WTO dispute resolution procedure, on the grounds that they are "more burdensome than necessary to ensure the quality of service" and that they don't meet the criterion of ensuring "least trade restrictive" measures.

---

[65] http://www.wto.org/english/res_e/booksp_e/analytic_index_e/gats_01_e.htm#article1 [14 February 2008]

[66] 3. For the purposes of this Agreement:
(a) "measures by Members" means measures taken by:
(i) central, regional or local governments and authorities; and
(ii) non-governmental bodies in the exercise of powers delegated by central, regional or local governments or authorities;
In fulfilling its obligations and commitments under the Agreement, each Member shall take such reasonable measures as may be available to it to ensure their observance by regional and local governments and authorities and non-governmental bodies within its territory;
(b) "services" includes any service in any sector *except services supplied in the exercise of governmental authority;*
(c) "a service supplied in the exercise of governmental authority" means *any service which is supplied neither on a commercial basis, nor in competition with one or more service suppliers*. (italics by the author)

[67] Callway, Rosalie (2004) General Agreement on Trade in Services. London: LGIB. http://www.international.lga.gov.uk/media/GATS_background_paper.pdf [6 February 2008]

GATS is an 'opt in' agreement where countries have to specify which services they are willing to put on the table and subject to the GATS obligations, and they make requests to other countries to make offers in return. For example, the European Union offered, among others, some services to be subject to GATS obligations, among them privately funded education, environmental services such as water, waste management and sanitation, health and social services and transport services. Notably, the Swedish government specified a public service exemption for environmental services stating that their "offer does not include public works functions whether owned and operated by municipalities, state or federal governments or contracted out by these governments". (Callway 2004)

4.2.3 The European Union and public services

The spirit of the WTO is immediately reflected in directives of the European Union (EU). The directive on services in the internal market is a typical example of supranational regulation which impacts cities directly, even if the EU has no mandate at the local level. The consumer and the free market are the targets, not the citizen and the common good. However, due to an outcry about an underlying drive to privatize public services, exceptions were introduced under the notion of 'liberalisation of services of general economic interest' – not of public interest.

Directive 2006/123/EC *of the European Parliament and of the Council of 12 December 2006 on services in the internal market*[68] was approved 12.12.2006. The 37-page directive promotes "throughout the Community a harmonious, balanced and sustainable development of economic activities, a high level of employment and of social protection, equality between men and women, sustainable and non-inflationary growth, a high degree of competitiveness and convergence of economic performance, a high level of protection and improvement of the quality of the environment, the raising of the standard of living and quality of

---

[68] Directive 2006/123/EC of the European Parliament and of the Council of 12 December 2006 on services in the internal market, http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=CELEX:32006L0123:EN:HTML [14 February 2008]

life and economic and social cohesion and solidarity among Member States".

This long list of noble causes does not include local interests. The goal of the directive is: "A free market which compels the Member States to eliminate restrictions on cross-border provision of services while at the same time increasing transparency and information for consumers". As well, "wider choice and better services at lower prices" for consumers are mentioned.

Privatization is addressed in paragraph (8) of the preamble: "It is appropriate that the provisions of this Directive concerning the freedom of establishment and the free movement of services should apply only to the extent that the activities in question are open to competition, so that they do not oblige Member States either to liberalise services of general economic interest or to privatise public entities which provide such services or to abolish existing monopolies for other activities or certain distribution services". This means that the EU does not demand the outsourcing of public services or the privatization of public utilities.

One of the exemptions that the directive does not deal with is "the liberalisation of services of general economic interest, reserved to public or private entities, nor with the privatisation of public entities providing services". According to GATS, as long as the delivery of public services is in the hands of the public authority, it is protected as an exemption, not as the rule.

Even so, if a city knows how the public procurement rules can be used properly, it can buy what it wants. In the European Court of Justice (ECJ), the Helsinki bus case (case number: C-513/99) is an often-quoted early example for the ability of a local government to include sustainability criteria in its tender documents. In the Helsinki case, the contracting authority was taken to court for non-compliance with the Public Procurement Directives, because they chose a more expensive bidder that offered more environmentally friendly buses. The ECJ ruled in favour of Helsinki, thus making it clear that procurement criteria that are not narrowly economic can be used when awarding a tender.

4.3 The Private

4.3.1 The private and the 'social'

Concepts like public and private are not static. Neither can they be kept cleanly separate from each other. As Arendt notes, "[i]n the modern world, the two realms indeed constantly flow into each other like waves in the never-resting stream of the life process itself". (Arendt 1958/1998, 33)

Arendt introduces the idea of a 'social realm' "which is neither private nor public". She regards it as a big misunderstanding that "one super-human family is what we call 'society'" and the nation-state, the welfare state in particular, brought economic affairs, "collective housekeeping", from the private to the public realm. (Arendt 1958/1998, 28–29)

But here we are. Gunnar Myrdal's Volkswirtschaft, or Social Economy, the formerly private *oikia*, is in the public sphere. Today's politics is both rhetoric and action on collective housekeeping. The political power does not reside solely in nation-states anymore, but is shared by international institutions and global companies. Simultaneously, the contemporary city-state re-emerges. Collective housekeeping has gone global.

Arendt has a striking view of the basic nature of the private: it is the realm of birth and death and that is why it has to remain secret and hidden (Arendt 1958/1998, 62–63). From this perspective, the exposure of the utmost intimate in public, which will be discussed later (chapter 4.5.2), is even more mind-boggling. After the abolishment of capital punishment in most civilized nations, is death or torture going to return to public space if sex does not draw enough attention anymore? Will ultimate pain – decapitations in the central square – be broadcast live?

'Private', meaning privately owned property or wealth as opposed to 'common', most likely has its roots in land ownership and industrialization. Arendt makes a clear distinction between property, your own piece of land, and wealth, which she considers a much later concept. For her, private means also "deprived of seeing and hearing others, of being seen and being heard by them. They are imprisoned in the subjectivity of their own singular experience, which does not cease to be singular if the same experience is multiplied innumerable times". This view may explain Arendt's cynicism about the character of the 'social'. (Arendt 1958/1998, 58)

If we talk about a private individual, we tend to think of a person. Legally, however, private corporations are also individuals before the law. Harvey points out the irony in John D. Rockefeller's "personal credo etched in stone in the Rockefeller Center in New York City, where he places 'the supreme worth of the individual' about all else". (Harvey 2005, 21)

4.3.2 Private organizations as a public partner

This subchapter is based on the analysis[69] of twenty-two recent articles on organizational theory[70]. The articles are listed in Annex 3. My purpose was to find out how these texts, written by thirty-four researchers of organizational theory, relate to the dialectic between public and private organizations. Colloquially speaking, public and private organizations are considered to be totally different. On the other hand, when outsourcing and privatization are debated, the assumption is that public and private organizations are basically similar. The production of goods is also equalled to the delivery of public services.

---

[69] For the purposes of this study, the 22 articles were classified in terms of their contents. The articles were analyzed (yes / –) in regard to the following eight questions:

– are there explicit references to private organizations, including private sector cases?

– does the article use civil society examples? (Academia is regarded as part of civil society for the purposes of this text)

- does the article use public sector examples or include explicit references to the public sector?

– does the article avoid using any examples but discusses theory on a theoretical level instead?

– regardless of the examples used, would the theoretical points or conclusions presented in the article be relevant for public as well as private organizations?

– does the article include explicit comparisons of public and private organizations or sectors?

– does the article refer to the public sector as a regulator, not as an organization in its own right, but also as an enabling environment for private organizations?

– does the article include explicit references to local and global factors influencing organizational behaviour?

[70] The articles were chosen by Professor Risto Tainio as material for the post-graduate Organizational Theory class at the Helsinki School of Economics in 2005.

As noted earlier, basic public services are no longer regarded solely the task of the public sector, but freely tradable services in a globalized market. Regime theory and the TINA Principle have meant accepting that wider economic forces now determine what cities can do. The premise was that in liberal societies many of the most significant decisions affecting people's lives are made outside government by firms operating within the capitalist market system.

As a consequence, a number of questions arise: How do public-private partnerships work in reality? How are different species of organizations joined together? Can Public and Private organizations be Partners, if partnering means being equal, or at least similar? When global companies sit at the same table as local governments, do they speak the same language? Would organizational research be of any help?

The articles span a period of 23 years, from 1980 to 2003. Except for one author, references to the public sector first appear after 1994 and they seem to become more frequent and more explicit after 2000. The same is true for global drivers, which appear in the texts starting in 1999.

None of the analyzed articles deals with a public sector organization alone. Eleven (11/22) texts include a subtle reference to the role of the public sector as the context of firms ('environment', 'institutional environment', 'not-for-profit'), but the concepts of 'public sector' or 'government(al)' are not used once. If public sector institutions exist in the margins of the typology of organizations, they are depicted as part of a multi-actor framework. The juxtaposition of public and private organizations is not the topic of any of the articles. Public decision-making processes and legislatures, city councils and parliaments don't have any role in the 'environment'. Eight (8/22) texts make vague references to organizations which can be assumed to be public, even if not explicitly described as such. Six (6/22) articles include a dialectical statement about the public and the private sectors. This category includes a reference to Hungarian and American firms and their capitalist and socialist contexts.

In some texts the presence of a public realm can be sensed, but the language is opaque. Two articles talk about 'non-profit' organizations, when the proper term could have been 'public'. 'Not-for-profit' has the premise that 'for-profit', is the norm, and non-profit the exception. Also, it defines the organizational type by no other characteristic than profit, or taxation status, not by products, governance, clientele or ownership, as examples. From a governance point of view, if the 'non-profit' is not public, it is in fact 'non-governmental', a concept which does not appear in any of the articles. The terms 'regulatory agency' and 'publicly owned organization' are used.

In one of the most of noteworthy articles, Mizruchi and Fein (1999) refer to DiMaggio and Powell, and to Meyer and Rowan, when they discuss the question of why organizations tend to become similar. In this connection they also clearly note that "regulatory agencies" are one type of organization. However, regulating is of course only one of the many roles of the public sector. "Over time, in response to institutional pressures, organizations come increasingly to resemble one another." To describe the process of homogenization, DiMaggio and Powell adopted the ecological concept of isomorphism.

NPM has been one of the tools for the public sector to learn from the management models of the private sector. The language of public management has taken over expressions used in private companies. At the same time, private organizations have introduced 'corporate social responsibility' strategies.

In a most interesting remark, Mizruchi and Fein refer to Galaskiewicz and Wasserman examining "DiMaggio and Powell's suggestion that mimetic processes will tend to occur under conditions of uncertainty". Speaking of privatization processes, it is likely that many have occurred in transitional economies or during periods of economic hardship.

Private and public organizations have a number of features that make them fundamentally different. For the public sector, transparency of decision-making is a prerequisite. The taxpayer has to know where her/his money goes. The private sector does not have to open its books as completely. Equity is one of the pillars of democracies, all citizens must have equal access to basic services and everyone has a vote. From a private company's perspective, only the consumer and the shareholder have a 'vote'. It is primarily accountable to its shareholders, not to every citizen. As Milton Friedman condensed the message; maximizing profit is the prime goal of private enterprises. Efficiency is a tool to reach this goal. The public sector is by definition not for profit but to take charge of common issues. For it, efficiency is about finding the most appropriate mechanisms to implement its task. In the age of global production chains, the public sector is place-bound while private companies can outsource their functions to the momentarily most economical location.

If the private (for-profit) sector is expanding into the realm of basic service provision that has traditionally been in public (non-profit) hands, one would expect organizational research to be more interested in comparative studies between the two. Now organizational theory seems to deal primarily with private sector organizations and products, and marginalize the public sector and its services into a blurry 'environment'. Theoretical knowledge that would help understand how public and private organizations can work together is in high demand. It is pertinent to analyze the intrinsic differences, which easily become barriers. It would also be useful to see the similarities, which would facilitate joint efforts to further develop both species of organizations while learning from each other's successes and failures.

4.4 Privatization

4.4.1 Financialization as a driver

One of the hypotheses of this thesis is that globalization and financialization have direct impacts on cities. Financialization refers to "the enhanced importance of financial versus real capital in determining the rhythm and returns expected from investments, and the increased subordination of that investment to the demands of global financial markets". (Rossman and Greenfield 2006)

The Finnish term for financialization, "sijoittajavetoisuus", "driven by the investor", is enlightening. Tainio notes that "[m]any Finnish companies were extensively restructured during the 1990s. Such restructuring was obviously done for a variety of reasons. When it was done mainly to increase shareholder value and to enhance the stock performance, the phenomenon is referred to here as 'financialization'". (Tainio 2001)

A worldwide network of researchers is devoted to understanding the concept of financialization: IWGF International Working Group on Financialisation[71]. IWGF does not give a straightforward definition of the term but mentions several of its research areas. From the perspective of the public sphere, one is particularly interesting: "Investigating the *connection between financialization, increased inequality and new kinds of social division and stratification*".[72] [Italics added by the author]

In January 2008, two factories of Finnish multinational companies were closed down: Stora Enso's pulp plant in Kemijärvi, Finland, and Nokia's factory in Bochum, Germany, which was replaced by a newly constructed plant in Romania. A journalist reacted as follows: "The investors don't care, whether the plant which will be closed down brings deficits or not. The investor is interested in how profitable the company is, in the return on investment. And if it is better in Romania than in Germany, the plant will be moved to Romania."[73] The comment describes how financialization moves the global economy. Two cities, Kemijärvi and Bochum, and their inhabitants, were hit the hardest.

Arendt highlights the nature of financial markets as part of the public realm. "Value is the quality a thing can never possess in privacy but acquires automatically the moment it appears in public. [… in] a commercial society, where indeed the exchange market is the most important public place and where therefore every thing becomes an exchangeable value, a commodity, […]" (Arendt 1958/1998, 163–165)

Even private capital can be more or less public. An exchange between two kinds of capital investors took place on Finnish radio[74] in 2007. The more traditional investor defended investing in companies that are on the stock market. He argued that a publicly listed shareholder company is open, and 'public' he added, whereas information about firms

---

71 http://www.iwgf.org/index.htm [24 August 2006]

72 http://www.iwgf.org/background%20information.htm [24 August 2006]

73 Huhta, Kari. Euroopan poliittinen ilmastonmuutos. *Helsingin Sanomat* 27.1.2008 [original text in Finnish "Sijoittajille ei ole oleellista, onko suljettava laitos voitollinen. Sijoittajaa kiinnostaa se, kuinka voitollinen yritys on, mikä on sijoitetun pääoman tuotto. Jos se on parempi Romaniassa kuin Saksassa, tehdas siirtyy Romaniaan."]

74 YLE 1-aamu, 26 July 2007, Mr Suomela from MB-rahasto was the more aggressive one and Mr Kim Lindström from some other investment company defended a more traditional position.

taken over directly by capital investors is not publicly accessible. The capital investor, however, argued that his action introduces 'efficiency' into the firms, makes them expand and grow larger, and brings profits to the companies that own the capital, such as retirement funds. The purchased firms will be sold again in 5–7 years, anyway, he added as if in passing. Most likely to another capital investor, added the reporter.

Sassen (2001) illustrates how finance has become the industry running the world and its greatest metropolises. Stock exchanges have changed from places for trading in grain and gold to arenas for playing with marginal differences of interest rates or volatile currencies. From a banker's point of view there might be no difference, but for an urban researcher it is a major difference if wealth is created with investment in shares or other monetary instruments instead of investment in production. "Stock values rather than production then become the guiding light of economic activity and […] the speculative temptations that resulted from this could become overwhelming." Harvey also notes that since the 1980s it has not been unusual for companies to report losses in their production, but offset them with gains from financial operations. At the same time, the top-salaried CEOs and other key operators of the financial activities have gained power compared to the actual shareholders, unless they can affect corporate policy. (Harvey 2005, 32–33)

According to Harvey, government deregulation was an incentive that initiated the wave of financialization in the 1980s.[75] Figures illustrate the growth of the industry. "The total daily turnover of financial transactions in international markets, which stood at 2.3 billion dollars in 1983, had risen to 130 billion dollars by 2001." (Harvey 2005, 161) Or, while firms have implemented their global growth strategies, "[t]he value of cross-border mergers and acquisitions rose dramatically from 25 billion dollars in 1980 to 350 billion dollars in 1996". Langhorne underlines the importance of communication technologies. "The number of individuals involved, particularly as investors, has risen sharply and neither the time of day nor the physical location of an investor matters much at all. Access to cyberspace from anywhere on the globe will allow personal and instantaneous participation in the global stock market." He provides figures that illustrate the growth of currency markets

[75] http://en.wikipedia.org/wiki/Accumulation_by_dispossession [24 August 2006]

alone. "Since 1979, the turnover in the foreign exchange markets has risen to 1,5 trillion dollars each day, 12 times the level of 1979 and over 50 times that of world trade." The growth of the share of the finance sector is staggering. "The size of the world banking market as a percentage of world gross output rose from 1.2 per cent in 1964 to 45 per cent in 1994." (Langhorne 2001, 19–21)

What was the source of funds that fed financialization in the 1970s? After the rise of oil prices in 1973, OPEC countries wielded a lot of financial power. "[T]he Saudis agreed at that time, presumably under military pressure if not open threat from the US, to recycle all of their petrodollars through the New York investment banks. The latter suddenly found themselves in command of massive funds for which they needed to find profitable outlets." The US did not offer good options at the time and more profitable opportunities were sought. "Governments seemed the safest bet because, as Walter Wriston, head of Citibank, famously put it, governments can't move or disappear." (Harvey 2005, 27)

Harvey describes how Mexico was the first victim of loans to governments. After the collapse of the Mexican economy, New York banks were bailed out by the World Bank (WB) that rescheduled Mexico's loans. As a condition, the WB insisted on neoliberal institutional reforms, including privatization, cuts in welfare, and more flexible labour markets. (Harvey 2005, 98–104)

Another source of capital for privatization is privatization itself, and the emergence of new types of investors. In addition to the supply of privatization offerings from governments, Guislain notes "demand-related factors, namely growing investor interest [… which] stems, first, from the globalization of the economy and the sharp growth in foreign investment flows […] and, second, from the advent of new types of investors. These include in particular *large infrastructure companies, which until recently were almost all national monopolies or quasi monopolies that invested little if at all abroad but today aggressively invest outside their countries of origin.* They also include private investment funds and institutional investors […]" (Guislain 1997, 8–10) [Italics added by the author]

An example of the new investment funds is the Swedish Swedbank's Robur Privatiseringsfond (Swedish for 'Privatization Fund'). It was one of the best performing global funds in 2005–2007. In 2005 it was evaluated to be "the most efficient of all funds"[76]. Even if the fund takes big risks, it makes excellent profits and has the highest rating. Among the holdings of the fund are Russian and Chinese insurance and energy companies.[77], [78]

Another example illustrates the presence of financialization in water services. The text promotes a so-called 'ethical investment fund' (SAM 2005). "Investors who wish to benefit from the «water» megatrend can use the SAM Sustainable Water Fund to gain access to the promising market for water. The fund, which was initially offered in late September 2001, has bested its benchmark by more than 50 percent. This excellent performance is impressive evidence that water represents «blue gold» for fund investors. The unusually high quality of SAM Sustainable Water Fund in terms of the related investment process and asset management approach has moved rating agency Standard & Poor's to assign an «A» rating to the fund, the only purely water-focused fund to have achieved such a rating until now. – We are convinced that the SAM Sustainable Water Fund represents a compelling investment especially after the recent market slump as valuations are very low. We have not seen such attractive valuation ratios of the fund's holdings since end of 2003."[79] This is how access to water, which can be considered a human right, has been commodified into 'blue gold'.

Financialization means that large amounts of capital in the liberalized financial markets naturally look for the best growth opportunities: i.e. potential for 'increased efficiency', large market shares and secure demand. What would be better than the provider of a basic public service? If rising prices would be too high for part of the citizenry to pay, the public sector would support with subsidies. This would be called subsidizing the poor, not subsidizing private monopolies. Speaking of the impacts of privatization, Guislain also stresses that "[g]overnments will often have to prepare and adopt support measures to dampen the restructuring shock […]" (Guislain 1997, 21)

---

[76] *Helsingin Sanomat*, 12.3.2006

[77] http://www.swedbankrobur.se/RT/FundFact____4386.aspx [13 August 2007]

[78] Biannual report, 2007. http://www.swedbankrobur.se/upload/pdf/dina%20fonder/SV/PRI.pdf [13 August 2007]

[79] From the e-mail newsletter of SAM Sustainable Asset Management AG, Zürich (6 February 2008)

4.4.2 From Thatcher to mainstream

As the story goes, British Prime Minister Margaret Thatcher, (as the new Conservative Party leader), interrupted another speaker at a Conservative Party policy meeting in the late 1970s by banging down Friedrich August von Hayek's book, the *Constitution of Liberty* (1960) on the table and stated: 'This, is what we believe'. He was an Austrian political philosopher, who in 1947 had created a group called the Mont Pelerin Society, celebrating "freedom of thought and expression"[80]. Thatcher declared that there was "no such thing as society, only individual men and women" – to which she later had to add family. Or, "[e]conomics are the method, but the object is to change the soul". (Harvey 2005, 23)

"The British program launched in 1980 by Margaret Thatcher, however, is the major forerunner of the current privatization phenomenon." (Guislain 1997, 2) Thatcher is well known for having privatized public utilities and abolished the famous Greater London Council (GLC), which had been in charge of urban planning and social housing, among other things. Privatization was a new strategy and seemed to benefit everyone. Thatcher's program for the privatization of social housing looked first like "a gift to the lower classes which could now convert from rental ownership at a relatively low cost, gain control over a valuable asset and augment their wealth. But once the transfer was accomplished, housing speculation took over (particularly in the prime central locations), eventually bribing or forcing low income populations out to the periphery".[81]

The deluge of privatization both as an economic and a political strategy happened with a simultaneous consolidation of neoliberalism in politics, starting in the United States and Britain in 1979. "Neoliberalism has, in short, become hegemonic as a mode of discourse" (Harvey 2005, 3). Harvey goes back to the time after the 1930s Great Depression and the Second World War. The 'nie wieder', never again, required a lasting settlement between capital and labor, in particular between capitalism and communism, which both had obviously failed. The UN and the

[80] The founding statement of the society is quoted in Harvey's book (Harvey, 2005), page 20

[81] http://en.wikipedia.org/wiki/Accumulation_by_dispossession [24 August 2006]

Bretton Woods institutions (the IMF and the World Bank) were established, and free trade was encouraged. Until 1971, the different currencies were pegged to the US dollar, which was fixed to gold. A system emerged that Harvey calls 'embedded liberalism', sort of a government-controlled market economy with a human face and social consciousness.

Another way to see the onset of privatization is to interpret it as a reversal of a trend of nationalization and the growth of the public sector, which had occurred in some European countries in the 1930s, and in countries inspired by socialism after the Second World War.

From cities' point of view, the World Bank understood that, in developing countries in particular, instead of the failing state, urban governments could be harnessed to become implementing agents of the neoliberal agenda "to deliver the market enablement paradigm". According to Zetter and Hamza, "[i]n 1991, the World Bank set out the pivotal role for cities in its now landmark policy statement" with which they mean the strategy paper *Urban Policy and Economic Development: An Agenda for the 1990s*, which was followed by *Enabling Housing Markets to Work* in 1993. A quote from the 1991 publication states that "development assistance in the urban sector [is put] in the context of broader objectives of economic development and macro-economic performance". (Zetter and Hamza 2004, 14) The cities' poor economic performance was blamed on a bloated public sector and rigid public administration which inhibited the private sector. The urban agenda became the market enablement agenda, and cities were supposed to move from government to governance, which was the new term for a more flexible administration.

Privatization has not been undertaken in all public sectors at the same time, but in 'successive waves', as Guislain notes. "In the first wave, privatization focused largely on industrial, financial, and commercial ventures. Infrastructure sectors and activities followed in a second wave, starting near the end of the 1980s; a third wave is only starting to emerge, reaching the social sectors, including health and education, and administrative activities." (Guislain 1997, 2)

By the end of the 1990s, the volumes of liquid capital created by privatization had multiplied. "In 1994 and 1995 annual gross revenues from privatizations worldwide were estimated to be on the order of 80 billion dollars. Five years earlier (in 1989), the total was 25 billion dollars. […] In just over two years, Russia succeeded in privatizing between 12,000 and 14,000 medium-sized and large enterprises with a total of over 14 million employees – that is about half of Russia's industrial labor force." On the other hand, an interesting fact reveals that in the United States, most of the privatization activity happens at the local level. (Guislain 1997, 1, 166)

Privatization has affected every part of the public sector. "Public utilities of all kinds (water, telecommunications, transportation), social welfare provision (social housing, education, health care, pensions), public institutions (universities, research laboratories, prisons) and even warfare (as illustrated by the 'army' of private contractors operating alongside the armed forces in Iraq) have all been privatized to some degree throughout the capitalist world and beyond (for example in China)." (Harvey 2005, 160)

The privatization of public services has also offered new business opportunities for consulting companies. "Closing the Infrastructure Gap: The Role of Public-Private Partnerships"[82] is called a 'research report'. The paper lists as "PPP Sector Opportunities" transport, water, wastewater, waste, education, housing/urban regeneration, hospitals, defense and prisons (Deloitte 2006, 20).

Whether basic services are delivered by the public or the private sector is one of the key political decisions to be made in every state or city. Different governments, however, take different ideological stands. "Social democratic states (such as those in Scandinavia or Britain in the immediate post-war period) had long taken key sectors of the economy such as health care, education, and even housing out of the market on the grounds that access to basic human needs should not be mediated through market forces and access limited by ability to pay. While Margaret Thatcher managed to change all that, the Swedes resisted far longer […]". (Harvey 2005, 71)

[82] http://www.eukn.org/eukn/themes/Urban_Policy/Transport_and_infr... [16 February 2007]

Guislain offers a different view. “The magic word, in particular in Latin countries, may be public services, a concept that may embrace the large infrastructure sectors […] as well as commercial services like the postal service and such functions as education, health, social security, justice, and national defense.” He points out the controversial character of the concept. “The term “public service” itself is ambiguous, to say the least; it has never been precisely defined and it is often used subjectively. To some, privatizing a public service is tantamount to selling off the family jewels or abandoning a key role of the state. Confusion very quickly surrounds the distinction between the concept of services rendered to the public and accessible on a nondiscriminatory basis, and that of services provided by the government or a public enterprise.” However, to the basic question here, whether all public sectors and activities should be privatized, he concludes “Setting aside terminology and its political or emotional overtones, one can venture that all activities that can be adequately described in contractual terms and whose performance can be measured can also be privatized.” Knowing that the public sector is a non-profit sector, Guislain leaves a window open for subsidies: “This includes a priori all production of goods and services, even structurally money-losing activities, provided the required subsidies can be channeled to the private provider”. (Guislain 1997, 24–25)

Some of the most analytical and critical texts concerning the diminishing role of the public sector come from writers who have researched privatization processes in developing countries. Béatrice Hibou, for example, argues that “what some interpreted as a crisis of the state, its retreat, its erosion or its decay should on the contrary be seen as a different way of governing and of understanding the exercise of state power” (Hibou 1999/2004, xvi) She points out that all the liberalization and privatization policies have been public policies. State intervention simply takes new forms, contracts have a growing importance.

The very notions of private and public are changing, Hibou stresses. She agrees with Arendt, and quotes her description of a hybrid situation in which private interests take on public importance: “both the public and the private spheres are gone, the public because it has become a function of the private and the private because it has become the only common concern left”. (Hibou 1999/2004, xiv, xv)

4.4.3 The language of privatization

There is no agreed language of privatization processes or any legislative framework to guide them worldwide. Rules are now derived from competition law, public procurement guidelines, or specialized directives as has been the case for the energy sector in the European Union.[83] Some concepts are listed in a glossary in Annex 2. A narrower definition refers to the privatization of a public enterprise, either through sale or other mechanisms that permanently transfer control and ownership. "A broader definition of enterprise-level privatization includes any measure that results in temporary transfer to the private sector of activities exercised until then by a public agency." (Guislain 1997, 10) [In this chapter, all italics added by the author unless otherwise noted.]

Guislain lists the following steps as the range of privatization techniques:

– Supply and civil works contracts
– Technical assistance contracts
– Subcontracting
– Management contracts
– Performance-based contracts
– Leasing (*affermage*) [italics in the original]
– BOT [Build-Transfer-Operate] and concession
– BOO [Build-Own-Operate]
– Divestiture

(Guislain 1997, 12)

The privatization literature – regardless if pro or contra – makes use of a handful of expressions. The key catchwords are: efficiency, flexibility, reduction of costs, competition, choice, customer and free market. Certain attributes are linked with the public sector, such as inefficiency, bureaucracy, regulation and monopoly.

'*Freedom*' is the catchword emanating from neoliberal thought, which advocates "liberating individual entrepreneurial freedoms and skills within an institutional framework characterized by strong private property rights, *free markets*, and free trade" supported by *deregulation* and

83 In a position paper of the PES Group of the European Parliament, Brussels, May 2006

curbing the power of trade unions. "Privatization and deregulation combined with *competition*, it is claimed, eliminate *bureaucratic* red tape, increase *efficiency* and productivity, improve *quality*, and *reduce costs*, both directly to the consumer through cheaper commodities and services and indirectly through *reduction of the tax burden*." (Harvey 2005, 2, 65)

Guislain describes the performance of public enterprises: "Although some of them function well, many others are notoriously *inefficient*. They manage to survive through tariff *protection* against competing imports, preferences in public procurement, *exclusive* rights, *preferential* access to credit (often at state-owned banks), *government guarantees*, *tax* exemptions, and public *subsidies*. [...] They often serve *political* objectives or purposes and consequently suffer frequent interference by government and *bureaucrats*." However, as noted earlier, Guislain also accepts the fact that the public sector would also sometimes have to subsidize private companies delivering services. Whereas running public enterprises serves political purposes, privatization is seen as a pragmatic, not a political choice: "This narrowing of ideological schisms [end of the Cold War] has produced a more *pragmatic* approach to economic reform, of which privatization forms part." (Guislain 1997, 6–8) Sassen offers an interesting viewpoint on 'efficiency': "As efficiency becomes the objective, it tends to replace or function as a stand-in for the public interest". (Sassen 2006, 196)

A book published by the World Bank lists some of the euphemisms that have been used in some countries in order to replace 'privatization'. "[...] because privatization was deemed to be politically too delicate a term. For example, one speaks of capitalization in Bolivia, peopleization in Sri Lanka, and equitization in Viet Nam. The terms 'commercialization' of Canadian National (the railway company) and 'strategic consolidation' of Belgacom (the Belgian telecommunications company) were used to refer to the recent privatization of these companies. (Guislain 1997, 12) *The liberalisation of public services* is an expression used by the European Union. As noted earlier, discussing the advantages of GATS, the WTO does not refer to privatization but to the *opening up of monopolies*. Another expression used by the WTO is *external liberalization* meaning exposure to competition on a global market.

4.4.4 Arguments for privatization

The World Bank's many reports and guidelines include arguments in support of privatization. Among the positive expressions are *streamlining of government*, *government reform*, *efficiency*, *improved customer service*, *freedom of choice for consumers*, *enhanced accountability*, *saving taxpayer dollars*, *full cost accounting* and *full cost recovery*. In contrast, public enterprises *drain national budgets*. Privatization improves the *operating and financial performance of a business*, *increases the financial resources* available to governments, and leads to *expansion of utility coverage*. Possible negative impacts are also listed, such as that jobs are usually lost, prices often go up, aggressive collection of fees hits the poor and middle class, and often sales revenue is eaten up by the rising cost of public debt. [All italics in this chapter added by the author]

Public-private partnerships (PPPs) are a mode of private-sector involvement in delivering public services or infrastructure. They are promoted primarily as financing mechanisms, which "allow the costs of the investment to be spread over the lifetime of the asset and thus can allow infrastructure projects be brought forward by years compared with the [typical] pay-as-you-go financing". (Deloitte 2006)

A business consultant also prioritizes financial and customer related arguments. A citizen is replaced by a *customer*. Public-private partnerships are presented as a *better managed* alternative for infrastructure projects than publicly financed ones. "Second, PPPs have a solid track record of on-time, on-budget delivery. Third, PPPs transfer certain risks to the private sector and provide incentives for assets to be properly maintained. Fourth, PPPs can lower the cost of infrastructure by reducing both construction costs and overall life-cycle costs. Fifth, because satisfaction metrics can be built into the contract, PPPs encourage a strong customer service orientation." There is no explanation, however, why the same targets could not be achieved by the public sector. It is taken for granted that the private sector is more efficient. The riskargument is interesting since many contracts seem to transfer financial risks to the public sector. "And finally, because the destination, not the path becomes the organizing theme around which a project is built, public-private partnerships enable the public sector to focus on the outcome-based public value they are trying to create." (Deloitte, 2006) The argument focuses on the 'outcome', the product, and neglects the value of 'the path': the democratic public process.

Talking about public-private partnerships, Besley and Ghatak (2006) introduced the expression 'hybrid'. They describe a deadly fire in Tamil Nadu in a 'hybrid school' that was privately owned and run but receiving government funds. They argue that "the standard public-private dichotomy is of limited use in thinking about institution design for public-goods provision". When looking for a balance between arguments they note that if "a strict regulatory regime enforcing quality and safety standards is present, then it is fairly uncontroversial to say that greater choice and greater competition is good. However, the ground reality of developing countries is that regulatory bodies do not do what they are supposed to do and do everything that they are not supposed to do (e.g. demand bribes, harass firms as well as workers and consumers)". They conclude with a classic remark: "Competition and choice are ideas that are far too important to be left to champions of unregulated markets. They can and should be used to empower the poor". (Besley & Ghatak 2006, 298–299)

Guislain presents a long list of possible objectives of privatization (Guislain 1997, 18–19). The following seem relevant to the topics of this thesis. The political considerations are particularly interesting.

- Efficiency and Development of the Economy
  - Encourage private enterprise and expansion of the private sector in general
  - Foster economic flexibility and eliminate rigidities
  - Promote competition, particularly by abolishing monopolies
  - Promote integration of the domestic economy into the world economy
- Efficiency and Development of the Enterprise
  - Foster the enterprise's efficiency and its domestic and international competitiveness
  - Introduce new technologies and promote innovation
  - Upgrade plant and equipment
  - Improve the quality of the goods and services produced

  - Introduce new management methods and teams
  - Allow the enterprise to enter into domestic and international alliances essential to its survival

- Budgetary and Financial Improvements
  - Reduce the financial drain of the SOEs [State Owned Enterprises] on the state (in the form of subsidies, unpaid taxes, loan arrears, guarantees given, and so on)
  - Mobilize private sources to finance investments that can no longer be funded from public finances

- Political considerations
  - Reduce the size and scope of the public sector or its share in economic activity
  - Redefine the field of activity of the public sector, abandoning production tasks and focusing on the core of governmental functions, including the creation of an environment favorable to private economic activity
  - Reduce or eliminate the ability of a future government to reverse the measures taken by the incumbent government to alter the role of the state in the economy
  - Reduce the opportunities for corruption and misuse of public property by government officials and SOE managers
  - Raise the government's popularity and its likelihood of being returned to power in the next elections."

Reducing the size of the public sector to its 'core functions' is stated as a goal. It remains to be debated what are the core functions of a city. From the point of democratic governance the reminder to 'reduce or eliminate the ability of a future government to reverse' the decisions is most interesting. Harvey has noted that neoliberalism has some problems with democracy. "Governance by majority rule is seen as a potential threat to individual rights and constitutional liberties. Democracy is viewed as a luxury, only possible under conditions of relative affluence coupled with a strong middle-class presence to guarantee political stability." According to the ideal, neoliberal governance is based on 'government by executive order', judicial decisions, courts, decisions made by experts and institutions of the elite, such as central banks – rather than parliaments. (Harvey 2005, 66)

A controversy concerns the so-called 'natural monopolies' which were discussed also in regard to infrastructure (chapter 3.6.7). It is difficult to have free competition in areas such as water and sewage systems, electrical grids and transport infrastructure. "State regulation of provision, access, and pricing seems unavoidable in such domains. […] While the virtues of competition are placed up front, the reality is the increasing consolidation of oligopolistic, monopoly, and transnational power within a few centralized multinational corporations: the world of soft-drinks competition is reduced to Coca-Cola versus Pepsi, the energy industry is reduced to five huge transnational corporations, and a few media magnates control most of the flow of news, much of which then becomes pure propaganda." (Harvey 2005, 67, 80)

Guislain describes what kind of resistance can hinder the privatization process. Opposition can stem from "a variety of concerns, including: (a) the preservation of national sovereignty or independence; (b) the desire to retain national control over certain activities or interests perceived to be strategic; (c) the sense that state ownership is needed to safeguard the "public interest"; (d) the fear that wealth might become concentrated in the hands of a few private parties; (e) a distrust of the private sector or certain segments of it; (f) the protection of bureaucratic or other vested interests". (Guislain 1997, 20–21)

4.5 Side effects

4.5.1 Advertisement in the public sphere

Public Relations (PR) is a more subtle expression for advertisement and marketing, which is "the business activity of presenting products or services to potential customers in such a way as to make them eager to buy"[84].

Knowingly or unwittingly Zukin is referring to Richard Serra: "Broadcast television broke all existing barriers between public and private, local and global, the living room and the world, until the viewers rather than the image became the product". (Bridge and Watson 2002, 204) The American artist Serra, best known as a sculptor, worked with this

[84] Source: Thesaurus, Encarta Dictionary: English (North America)

paradox early in his career, when he made an anti-advertisement as a piece of 'public art'. In texts spanning the television screen he wrote that the spectator is the one that is being sold to the advertiser – not the product to the customer. He claimed that if advertisers can purchase time on the television, he has the same right to do so. "Richard Serra's "Television Delivers People" was shown in 1973 on a Chicago TV station under an "anti-advertisement provision" that gave ads and anti-ads equal time."[85]

Robert Venturi's (1972) interpretation of the Las Vegas' main street was accurate: the billboards[86] which became the facades, the images of the "decorated shed", and the movement through the Strip by private car changed the contemporary city forever. The speed of the automobile was how fast the city could and should be read, and the message of the buildings and of the city was "buy!"

The fact that the automobile industry is the biggest advertiser worldwide, with a budget of 19.4 billion Euros in 2003[87], has significance for cities. Satellite towns with private houses, two-car garages and no public transport are advertised as the ultimate utopia even in China. Car ads are often placed in the big panels along the routes of daily commuters by car.

Some cities, Lyon in France is one of the best known examples, have in recent years designed guidelines for public lighting so that the primary goal is security, but next to it the purpose of light is to help create public space and to highlight trees, vistas or buildings that have special meaning for the citizens. At the same time, rules are created for commercial lights to limit the areas where they can be installed.

---

85 A comment posted by: Jason on November 1, 2005 at 03:39 PM on the website of ICONODUEL, http://www.iconoduel.org/archives/2005/11/000726_more_than_meets_the_eye.php [6 April 2006]

86 Reference to Robert Venturi's book is correct as such, but it is only fair to note that his wife, Denise Scott Brown, who was born and raised in South Africa, had photographed billboards there even before she had married Venturi. If I'm not mistaken, an article about Las Vegas was published prior to the book, but I've not been able to locate it, yet.

87 "Autoala osti mainostilaa 19 miljardilla", news in *Helsingin Sanomat* (10.12.2005), page E1

In a market economy, competition is supposed to bring freedom of choice to the consumers. “Commercial radio is a jukebox”, writes Heikki Hellman[88]. He refers to a study[89] which concludes that 70 per cent of the broadcasting of the privately owned radio stations is music. Even if they want to distinguish themselves with individualized profiles, the often multinational channels all play the same limited selection of records. The purpose of music choices is to attract advertisement. The shortest list of a private radio station has 550 pieces, while the three channels of the public broadcasting company YLE play annually up to 11 000 different works of music.

In a letter to the editor,[90] a man in his fifties, as he called himself, expressed his frustration over a piece of advertising mail from the pharmaceutical company, Bayer, with the title “New potency to partnership”, marketing an erection drug. “What will be next? Marketing of medicines for a better mood?” The writer was appalled, because the advertiser used his private address. “I’m already almost used to e-mail spam […] But now it got me. I received a real letter, with my address and name on it.” The letter printed on paper had intruded into his intimate sphere whereas even the e-space would be more public.

In December 2006, the European Union regulated[91] that in news broadcasts or children’s programs advertisements can interrupt the programming only every 30 minutes. Also clear rules for product placement were introduced, and both tobacco and prescription medicines are completely forbidden. Politics matters; it can make a difference.

4.5.2 The intimate: Privates in public space

Habermas described the separation of the public and the private spheres in the Greek city-state, where women and slave labor, birth and death,

---

[88] Hellman, Heikki. “Sitä samaa”, column in *Helsingin Sanomat* 14.4.2006. Dr. Hell-. man is the former long-time editor of the culture section, now the debate section of HS, the main daily newspaper in Finland.

[89] Ala-Fossi, Marko (2006), report commissioned by the Ministry of Transport and Communications of Finland.

[90] Hannu Tuominen, (HS 11.12.2006, Mielipide) Kirjepostin roskaviestit selvää häirintää

[91] YLE radio news (13.12.2006)

the "wants of life and the procurement of its necessities were shamefully hidden inside the *oikos*". (Habermas 1962/1991, 4) It's a long way from contemporary publicity making money and 'news' out of photos of Paris Hilton wearing no knickers.

A characteristic of advertisement in the public sphere is a blatant use of human sexuality as an eye-catcher. While the sexual act is considered most intimate, a provocative gesture or pose in an ad brings it into the open. The passers-by are challenged to get involved in an act of exhibitionism.

In a letter to the editor, the Director of the Finnish Consumer Agency and Ombudsman wrote that an advertisement which uses sex and bare skin can be permitted by law as such, particularly if it reaches only a certain appropriate group of customers. However, she notes, "the situation is totally different if the ad is exhibited in public space – be it newspaper headline, bus stop, metro station, street – and possibly also extra large in size. This means that all consumers, regardless of age and state of development, are forced to face it".[92]

Arendt describes how the private realm changed due to "the rise of the social" that replaced family. "The emergence of society – the rise of housekeeping, its activities, problems, and organizational devices – from the shadowy interior of the household into the light of the public sphere, has not only blurred the old borderline between private and political, it has also changed almost beyond recognition the meaning of the two terms and their significance for the life of the individual and the citizen. [...] we call private today a sphere of intimacy [...] modern privacy is at least as sharply opposed to the social realm [...] as it is to the political, properly speaking. ... modern privacy in its most relevant function, to shelter the intimate, was discovered as the opposite not of the political sphere but of the social [...]" (Arendt 1958/1998, 38)

[92] Peltonen, Anja (2.12.2006) *Helsingin Sanomat*, Mielipide. Vastuullisessa markkinoinnissa huomioon mainosväline. "Seksillä tai paljaalla pinnalla ratsastava mainos voi sinänsä olla lainmukainen, etenkin, jos se tavoittaa vain tietyn sopivan kohderyhmän. Tilanne kuitenkin muuttuu olennaisesti, jos mainos on esillä julkisessa tilassa – lööpissä, bussipysäkillä, metroasemalla, kadulla – ja mahdollisesti vielä jättimäisessä koossa, Silloin kaikki kuluttajat iästä ja kehitystasosta riippumatta joutuvat väkisinkin kohtaamaan sen."

4.5.3 Big and petty corruption

This topic must not be avoided in a discussion about the privatization of the public sphere, which by definition has an overlap or interface between the public and the private sectors. The intention here is to highlight the ubiquitous nature of corruption and its potential impacts.

Public decision-making is a democratic process to formulate common goals and agree about their implementation. Corruption cuts this process into disconnected pieces. Bribery creates a detour, which forces the implementation to deviate from what was agreed upon. Or worse, it brings initiatives to the public agenda that would otherwise have no place there. A 'kickback', 'sweetener' or 'softener' does not promote a better process or a better end result. It is not interested in the substance, only in profit and power. The elites will always be the ones profiting from corruption. Corruption also creates elites. That is probably why it will be so difficult to get rid of it.

The World Bank has good reasons to study corruption, because it eats up a lot of its financing and credibility. In the autumn of 2006 the Bank released the report "Governance Matters, 2006: Worldwide Governance Indicators".[93] One of the six measured components of good governance is "Control of Corruption – measuring the abuse of public power for private gain, including petty and grand corruption (and state capture by elites)".

In its Governance Diagnostic Survey questionnaires[94], the Bank delves deeply into the characteristics of corruption. A different set of questions is posed to the public sector, private sector, and to households thus acknowledging the multiple facets of corruption.

The introduction to the public sector interview notes that the purpose of the study "is to identify the practices that have developed within the

93 http://web.worldbank.org/WBSITE/EXTERNAL/NEWS/0,,contentMDK:21050333~pagePK:34370~piPK:34424~theSitePK:4607,00.html [26 Oct 2006]

94 The World Bank's Governance Diagnostic Surveys, sample questionnaires for public officials http://siteresources.worldbank.org/INTWBIGOVANTCOR/Resources/sample_publicofficial.pdf and for enterprises http://siteresources.worldbank.org/INTWBIGOVANTCOR/Resources/sample_enterprise.pdf and households http://siteresources.worldbank.org/INTWBIGOVANTCOR/Resources/sample_user.pdf [26 October 2006]

public institutions related to the distribution of public services". The questions range from personnel management to budgetary administration, provision of services, information management and 'governability'. Do all levels of public servants have a clear idea of the institution's objectives and strategies? Is the purchasing plan considered an important planning exercise and does it take into consideration the investment plans of the institution and its inventory requirements? This highlights the importance of transparent public procurement procedures.

The introduction of the private sector questionnaire spells the objective out: "[The survey] specifically looks at the impact of the *diverse modalities of corruption* in the development of the private sector. This study is done in order to make recommendations that allow to eliminate or at least to decrease the sources of corruption that limit competition and increase costs weakening the possibilities for business growth." Obstacles to be assessed first include: frequent changes in public policy, inappropriate infrastructure, legal procedures to establish a business, and monopolies. Then the question: "What percentage of your business' monthly income would you be willing to pay, if the (worst obstacle) […] were completely eliminated today?" Different aspects of corruption are measured in both time and money. "In the year 2000, on the average, what percentage of *the time of director* and main managers of a business like yours was *spent negotiating with public officials*? In the year 2000, on the average, what do you believe to be the total percentage of utilities that a business like yours spends yearly *tending to public officials in public and private affairs, meals, parties, etc.*?" And a direct question: "How often do you believe businesses have to make unofficial payments (tips or bribes) in order to gain tenders or contract competitions from the public sector?" [Italics added by the author]

The WB's questionnaire reveals the complexity of corruption. It is not only one action, but a behavioural pattern. Everything that is not absolutely necessary for arranging a business deal can be considered corruption.

The global expert on corruption is the German-based organization Transparency International (TI), which publishes its well-known country listings annually. According to TI, countries which are perceived to have low levels of corruption are Finland, New Zealand, Denmark, Iceland, Singapore, Sweden and Switzerland. Less well known is TI's Bribe Payers' Index (BPI), which looks at companies from 30 leading exporting countries (Finland is not among them) and reveals a double standard.[95] According to BPI published in 2006, "companies from the wealthiest countries generally rank in the top half of the Index, but still routinely pay bribes, particularly in developing economies. Companies from emerging export powers India, China and Russia rank among the worst. […] The United Kingdom has demonstrated minimal enforcement of the Convention, despite scandals implicating firms such as British Aerospace". Of European countries, France and Italy scored poorly in the BPI, particularly when their behaviour in low income countries was surveyed. They scored better in developed countries, where they can expect to face more stringent_institutions and law enforcement.

Corruption follows the outsourcing chain of organizations. However, headquarters with their *core functions* cannot escape their responsibility. "[c]ompanies must be ready to take responsibility for actions along their supply chains," said TI's Board Member, Jermyn Brooks. "Multinationals cannot be absolved of the corrupt activities of their foreign branches, subsidiaries or agents, and they must conduct due diligence before engaging with joint venture or alliance partners. The purchasing, export, and marketing and sales departments remain the business functions most vulnerable to bribery and corruption."

Hibou argues that privatization does not take power away from the public sector totally; quite the contrary, something else happens while the political space shrinks. "[…] there should be no illusions about this systematic call on foreign actors: it indicates not a loss of sovereignty by the state and a process of recolonisation, but rather the indirect exercise of those administrative functions by the ruling elites, through contracts kept secret and constantly renewed." Hibou illustrates her point with questionable cases from developing countries. "In particular, attention should be paid to behind-the-scenes relations, the operation of differing networks of belonging (regional, religious, ethnic, education-related etc), and the realm of the invisible." Guislain mentions Mozambique as an example of a successful flexible legislation that lays the groundwork

95 http://www.transparency.org/news_room/in_focus/bpi_2006 [26 October 2006]

for the privatization of state-owned enterprises (SOEs) (Guislain 1997, 117). Hibou tells a different story. She has evaluated an aid project and notes that “external financing was in fact appropriated by national elites and their local men of straw. […] for most of the time [that appropriation] has taken place indirectly – by oiling the wheels of a rentier political economy, now privatised, the ruling classes strengthen their position, with the complicity of big private companies which are often considered by aid donors as the only reliable negotiation partners”. (Hibou 1999/2004, 4–6)

4.5.4 “Abuse of public office for private gain”[96]

”They offered me one million dollars. Can you imagine anyone rejecting such a proposition?” A mayor from a country with an ‘economy in transition’ described how a French multinational took over their municipal water services. “No one will ever be able to prove this,” the mayor added.[97]

In its most ‘innocent’ form – if it’s at all possible to put it like that – petty corruption is an act between two individuals, a quick bribe to make daily life a bit easier for both parties involved. In the days of the Soviet Union, businessmen would fill their pockets with western cigarette boxes. With an almost unnoticeable twist of the wrist, the packs would end up in the hands of customs or immigration officers at the Soviet airport and secure a smooth entry to the country. No red tape.

In Finland, after widely published corruption scandals linked with land use planning in the 1970s, Finnish politicians grew more cautious. Even so, according to a newspaper headline[98]: “Deputy Chancellor of Justice disapproved of the trip to Germany made by top management of the City of Vantaa”. The trip to Munich was paid by the German energy giant E.ON Energie. The timing of the visit was hardly a coinci-

---

96 definition used in World Bank resources, e.g. http://siteresources.worldbank.org/INTWBIGOVANTCOR/Resources/1740479-1149112210081/2604389-1149699443576/GAC_strategy_WGI_Presentations_EU_Sept_06.pdf

97 Confidential first-hand information. Source undisclosed. This information is not based on evidence produced by a criminal investigation

98 “Apulaisoikeuskansleri nuhteli Vantaan johtoa Saksan-matkasta.” *Helsingin Sanomat* 30.6.2005, local news

dence. A few years earlier E.ON had purchased half of the shares of the energy utility of the neighbouring city Espoo. Next to real estate affairs, land use planning and construction, outsourcing and privatization of basic local services offer ample opportunities for dishonesty for personal gain. First the disclosures in 2008 about links between parliamentary election campaign funding and a handful of self-made businessmen with real estate development in mind brought the omnipresence of corruption into bright daylight in Finland.[99]

After I joined the civil service as the Head of the Building Control Department of the City of Helsinki in November 1993, one of the first phone calls came from the managing director of J.C.Decaux's Finnish sister company. It was a lunch invitation. The company was also known for lavish parties with fresh oysters flown in from France[100]. When the new local government association UCLG (United Cities and Local Governments) had its inaugural meeting in Paris 2004, with hundreds of mayors from all over the world participating, one of the main sponsors of the mega-event was J.C. Decaux. The company sees mayors as important people to know.

4.6 Conclusions

The one single global sphere, "the world as a single entity", as Longhorne put it, is to a great extent demarcated by the factors and dynamics outlined above. It is not only the context where companies have to operate, but where also individual cities have to create and maintain their urban public sphere.

The global public sphere is a single sphere already by definition, since there can be only one United Nations, or one World Trade Organization, for example. The local public sphere could easily become "only

99 The association Kehittyvien maakuntien Suomi was funded by businessmen who are linked with real estate speculation mainly with shopping mall construction in rural areas.

100 (KT: I heard that they organized huge parties with oysters) Yeah, and probably still do, however that has changed, they organize a lot in art museums, and invite customers there. (KT: cultural image?) Yeah, that sells right now. (From an interview with Tapio Sademies, 7 March 2005)

[…] a passive recipient of global players"[101]. This is the very reason to fight for its existence.

The common global context, where the disintegration of the urban public sphere takes place, is 'the level playing field' the private sector keeps asking for, and it is defined by global institutions (such as the WB and the IMF), by global information dissemination, the goal of which is to create a single common global context of marketing, entertainment and news (such as CNN, Google and the Internet in general), and the multinationals themselves. Privatization is a tool to shift the balance between the private and public spheres at the global level. However, privatization reaches deep into the local level.

[101] Quote from the pre-examiner's comments by Professor Ali Madanipour (November 2008)

Part C

Case study and analysis

5 Helsinki bus shelters – a case study

Figure 5: *Bus and tram shelter in the centre of Helsinki, Finland*

5.1 Why study this case and none of the others?

Figure 6. Waste management in Rabat, Morocco

Bus shelters in Helsinki? At first sight this particular decision making process seems marginal. A closer study reveals that it illustrates quite accurately the global urban condition and the transformational processes outlined in the previous chapters. A characteristic of this particular process is that it also leads to visible changes in urban space – the most tangible forum of the public sphere. The case study describes a public decision-making process with its local and global linkages. The aim of the following analysis is to detect points of departure and value judgements in the argumentation of the political debate. The case study research is based on original documents, agendas and minutes, contemporary press clippings and interviews.

As mentioned earlier, the research question is a 'how' question: how did this happen, what kind of a process led to this? Is the bus that looks like a candy box a city bus? Why does a global company own the tram and bus shelters in Helsinki? Why do I find shelters of the same company, with advertisement panels, in Hamburg, Paris and Gothenburg but not in Nairobi or Japalbur? Is it part of the same phenomenon if the City of Espoo sells its energy utility and the City of Tallinn sells its water utility to a global company? Are these individual cases that really have nothing in common? Or is this a broader urban, economic, political, societal, local and global phenomenon?

Many people, in particular those who are visually oriented, regard advertisement in public space as a symptom of commercialization. Those aspects are not the topic of this thesis or the following case study. One of my working hypotheses states that urban space is the most tangible arena of the urban public sphere, and also reflects changes taking place in the invisible layers of the public sphere. In this case study, advertisement is nothing more than a visible indication of privatization, which is analyzed as a politically driven process. This is why the privatization of an incremental element of urban infrastructure – part of the urban public sphere – is the subject of the case study. In my view, the procedural pattern emerging from this case study is being replicated in several elements of the public sphere, as illustrated by the following mini-cases.

The name Vivendi appeared in the media more frequently a few years ago. Napoleon had founded the public water utility Compagnie Générale des Eaux (CGE), which was renamed Vivendi Environnement[102] when it was listed on stock exchanges, in 2000 in Paris and in 2001 in New York. The corporation grew and made investments in the media and entertainment businesses, which seemed more interesting than the provision of freshwater and sewage services. After the merger with Universal, the mother company was renamed Vivendi Universal. The new corporation did not survive for long. During its downfall Vivendi Environnement was salvaged as a separate unit that became a company called Veolia in 2003. For the time being, Veolia operates in about one hundred countries. One of the companies now owned by Veolia is the

---

102 http://www.veoliaenvironnement.com/en/group/history/ [12.7.2005]

transport firm, Connex[103]. Connex buses can be seen driving in Jalasjärvi, for example, a small Finnish rural town, which has outsourced its public transport.

As a rule, global companies that specialize in public service provision don't expand by creating new markets and starting from scratch. Connex, for example, established itself in Finland in 1997 by purchasing the Swedish transport company, Linjebuss, which in turn had bought the local Finnish bus companies Westendin Linja Oy and Vantaan Liikenne Oy in 1996.

In 2001 in the City of Espoo, Finland, the council decided to sell 34 per cent of the municipal energy utility to the German multinational E.ON.[104] The publicly stated aim was to keep the Finnish company Fortum from gaining a monopoly. Fortum itself had originally been a state owned company, Imatran Voima, which had been corporatized in 1998. However, E.ON had made a secret agreement with Fortum that allowed Fortum to purchase E.ON's share in Espoo. The partners went to court to settle their argument. The City lost. At the same time, Espoo's neighbour, the City of Helsinki, owns its energy company, which brings the municipality annually more than one out of every 16 to 17 Euros it collects in taxes. In Helsinki, both the energy and the water utility produce a return on investment that is in the range of eight per cent annually. All the money that is not needed for maintenance and investment in the infrastructure goes back to the shareholders: the city and the citizens.

E.ON was formed in June 2000 by the merger of VEBA and VIAG, two of Germany's largest industrial groups, each with an impressive history in its own right. VEBA and VIAG were founded in the 1920s to serve as holding companies for state-owned industrial enterprises. Privatized in the 1960s and 1980s, the two corporations were listed on the Dax (the stock index of Germany's top 30 blue chips) and continued their success, now as investor-owned companies. Following the merger, E.ON executed a far-reaching focus strategy and today is Europe's largest investor-owned energy services provider.[105] Thus, the company itself

103 http://www.connex.info/PortalPage____7295.aspx [12.7.2005]

104 http://www.tekniikkatalous.fi/energia/article32930.ece [1.8.2008]

105 http://www.eon.fi/ and http://www.eon.com [accessed several times in 2006]

stresses its 'investor-ownership', or financialization, as it is called in this thesis.

The privatization of water services is well-known for a number of notorious cases all over the world. The City of Grenoble, France, went through a corruption scandal in connection with the privatization of water services. A court case followed, and the water utility has been 'remunicipalized'.[106] Grenoble is not the only example. Recently, a dedicated website has been established to distribute information about similar cases. "A major trend has emerged as more and more communities insist on returning water and wastewater services to public management through remunicipalisation, forcing water multinationals to pull out of services in Latin America, the United States, Africa and Europe. Even France, once known as the heartland of water privatisation, is embracing a return to public management."[107]

According to a Reuters news alert in 2005, the Tanzanian government terminated its 10-year contract with an international firm for the provision of water and sewerage services to the country's commercial capital, Dar es Salaam. The stated reason was "poor performance". "The water supply services in Dar es Salaam and neighbouring places have deteriorated rather than improved since this firm took over two years ago," Edward Lowassa, the minister for water and livestock development, said on Friday at a news conference, where he announced the cancellation of the contract with the firm known as City Water.[108] In Uganda, the national government also had a contract with a water multinational, but is now suing the company for having violated the contract. The reasons are similar to those in Tanzania.

In the often cited Water War case of the City of Cochabamba[109], Bolivia, violent riots erupted after water services were privatized in 1999. The prices had gone up and the poor could not afford water anymore. This happened not only in Bolivia, but also in some other cities in Latin

---

106 Public Services International Research Unit, University of Greenwich, www.psiru.org/reports/Grenoble.doc (2000) [PSIRU website accessed several times 2005–2007]

107 Water Remunicipalisation Tracker, http://remunicipalisation.org [1.8.2008]

108 Reuters AlertNet 17 May 2005

109 International Water and Sanitation Centre, a Dutch foundation, http://www.irc.nl/page/2082 [1.8.2008]

America. European and US water multinationals then withdrew from a number of cities. One of the reasons was the currency exchange losses that the companies had suffered. Today, the multinationals require government guarantees for currency fluctuation risks. (Hall D, 2002)

In the City of Johannesburg, South Africa, labour unions accused the city of having privatized the water utility. In fact, the city had only outsourced the management of the municipal Rand Water for a limited term. In order to measure the consumption of water –South African legislation guarantees everyone a minimum monthly allowance of water for free – they had started installing water meters in homes, which started the rumours about privatization.[110] – The Johannesburg anecdote is a reminder that the debates about privatization almost always include disinformation and misunderstandings. Cochabamba is a typical case because it always causes a heated debate whenever it is brought up.

5.2 The story in short

***Figure** 7: Shelter for public transport in Helsinki, Finland*

[110] Reported by a water expert of the South African government in a meeting at the UN in New York in 2006.

In the late 1980s a multinational French company bought a share of a well-established Finnish advertising agency, and later gained full ownership of the agency. In 1990 the Finnish agency, which was presented as 'a cooperation partner' of the French company, approached the City of Helsinki with a formal letter.

A contract was proposed where the company would deliver bus and tram shelters 'for free' to replace part of the city's existing shelters. The package would also include new 'information panels' for advertising and advertising pillars to replace old ad posts. The company asked for a 20-year contract, which would be automatically extended, unless revoked two years before expiry. The city was supposed to pay a considerable share of the installation and maintenance costs.

Later, a local advertising agency, which had no multinational backing, approached the city. They offered a domestic alternative.

The City Hall initiated a swift administrative process and put the issue on the agenda of the City Council. A number of City Departments and their Commissions were asked for their comments, all of which were more or less critical. However, the Mayor was determined to implement the project and the contract was approved by the City Council by a vote (47–31) after an exceptionally long debate. The argumentation dealt with several points, such as the quality of the process itself, economic aspects, the image of the city and domestic production.

The local press followed the process actively. The Mayor's comments were quoted, but the articles were almost unanimously critical. In particular the lack of transparency in the process was condemned.

5.3 The decision-making process

In this chapter, the process is described in a more or less chronological sequence, based on original documents. The quotes inserted in *italics* are from a recent (2005) two-hour interview with a civil servant. He worked for the Real Estate Department (RED) of the City of Helsinki (hereafter referred to as the City) in those days and was closely involved in the process. He had a vested interest, which partly explains his critical premise. Hence, none of the research outcomes are based on this interview, the role of which was to guide to original source material. His comments, however, give an additional perspective to the case.

5.3.1 The subsidiary

This account starts with the decision of a global company to expand into Finland. In April 1989 JCDecaux (hereafter JCD), a French multinational with activities in Europe and later also in other regions, signed a Memorandum of Understanding[111] with a well-established Finnish advertising agency, Maximedia Ltd (hereafter Maximedia/JCD, or the Company). JCD had bought a 40 per cent share of Maximedia. However, at the beginning of 2001 the JCDecaux Group gained full ownership of Maximedia, and was renamed JCDecaux Finland Oy (hereafter JCDFi).

Maximedia Ltd had a 44-year history with the City. When JCD approached Maximedia Ltd, it had a contract with the Public Transit Authority (PTA) of the City for the period 1.4.1988–31.3.1993. The contract covered the construction and maintenance of bus shelters, whereby the PTA gained ownership of the equipment and Maximedia paid for the advertising space. In 1990 the annual sum was over 1,3 million FIM. In addition, Maximedia Ltd had contracts with the RED and paid them for the right to advertise, as well.

5.3.2 The Company's proposal

The City Board received from Maximedia/JCD a letter dated 19.4.1990. There are no documents available of the contacts and negotiations which must have preceded this letter. The letter proposed a contract, where Maximedia/JCD, representing JCD as a cooperation partner, not as a shareholder, would deliver the following:

– 500 bus shelters to replace part of the city's 800 bus shelters,
– 100 "information panels" meaning freestanding panels (1 750 x 1 200 mm) where the back side can be used for public information purposes, such as street maps, but the front side, selected by the company, is used for commercial advertising. These

[111] In Finnish "yhteistyösopimus", an agreement for cooperation.

panels were a new element in the public space, on sidewalks and squares; they did not replace anything that existed previously,
– 50 free-standing cylindrical outdoor advertising structures with lighting to replace the same number of old triangular advertising columns.

As a reimbursement (*vastasuorite* in Finnish) for the right to use the bus shelters, the panels and the pillars for advertising, the Company offered to install and maintain the following:

– 10 phone booths connected to bus shelters,
– city maps for the back sides of the 100 information panels mentioned above,
– 3 electronic information screens,
– 500 waste baskets to be installed in the bus shelters (the City would be in charge of emptying and cleaning them),
– 4 automatic toilets (the City would be in charge of the cost of the logistics of the import, and installation and maintenance costs, but the Company would keep the user fees).

> *"This is also kind of an exciting case in the sense that it has two parts, the bus shelters and the other stuff. The public transport authority made [later] a separate deal about the bus shelters, which means that they have a contract that lasts much longer than what the city council had decided in the original contract paper. […] Decaux or it was Maximedia then made a terrific, a clever paper there so that it is valid […] first from then on when everything is finished for x years onward, and now it has been extended, so if we talk about 500 bus shelters we are much beyond it now […] they've made a deal with the commission of the public transport authority on the same conditions."*

> *"The public transport authority was always lacking resources, 'no money, we have to make cuts' – and then when those guys came with 'by the way, we have a good business idea for that, you'll get it for free, you won't lose a cent', then of course someone calculated that it cost 50 million grandmas [old Finnish Marks, equivalent to about 8 million Euro] so 'that's great, this is good for us'. Plus when they [Decaux] took sort of out of our [the Real Estate Department] pockets, and declared that they must have – you'll have the numbers in the papers – 50 advertising pillars and 100 of the other stuff […] that will then automatically be included in the deal, 'for free' for the entire duration of the contract […] the guys were pretty skilful."*

According to the 20-page detailed contract proposal, the City was supposed to:

– pay for the energy required for the lighting of all the above equipment,
– take care of the electrical installation works of the above,
– provide the Company, for free, with the water needed for cleaning the equipment,
– remove the existing, old bus shelters,
– maintain and clean the area around the bus shelters and empty the rubbish bins and ashtrays,
– lease the ground required for the equipment for free,
– pay for the permits for the installation of the equipment,
– make sure that no other advertising is installed closer than a minimum distance of 20 meters from the Company's equipment,
- give the company three months' time to respond to any tender, before asking anyone else, if the City intends to install similar equipment.

In a letter from April 1990 the Company asked for a 20-year contract starting from the installation of the first bus shelter, to be automatically prolonged by nine years, unless revoked 24 months before expiry. The wording was changed in the contract which was later signed between the Company, the Public Transport Authority and the City. The contract period is 15 years, starting from the date when every piece of equipment that includes space for advertising has received a building permit, to a maximum of 17 years. The contract is prolonged by five years at a time, if it is not revoked 24 months prior the deadline.[112]

5.3.3 The competitors

Two months after the City Board received Maximedia/JCD's letter, they got another letter from the Finnish advertising agency, Ulkomediat Oy (25.6.1990). It had hired a well-known Finnish architect, Juhani Pallasmaa, as their consultant and suggested that they could design and manufacture a domestic 'product range' of public furniture and advertising.

---

112 Source: Annex 15 of the City Council documents.

"This was sort of an interesting process, it was alive and kicking at the City Hall long before any decisions were taken, in the way that JCD had approached the Mayor directly, they had prepared a detailed proposal that the departments had no idea of. So they could fuss with it by themselves for quite a long time. At some point the information leaked out, and that is when the competitors woke up and something happened, even if […] it was sort of so late in the process already that the competition did not have enough time."

5.3.4 At the City Hall

The City Hall initiated a process with the purpose of taking the issue directly (via the City Board) to the City Council. Following normal procedures at this stage, it asked seven different City Departments and their commissions for their comments.

"Personally, I'd have wanted them to call it all off and organize a proper competition […] tendering and design, even international, 'please make bus shelters and other stuff for us', we do have designers […] At least four five producers have bus shelters like this, I tried to say here that why don't we ask them, they had one in Sweden, there was another one in France, then in Germany was some company, two in Sweden, whatever the name – so there would have been firms, just to get some comparison, but they did not want to have, they never let it go so far as to ask – 'no, we won't ask!'"

The 1990 issue of *Helsingin kaupunki tiedottaa* (City of Helsinki Informing) was a professionally edited 150-page magazine with a nice layout, which discussed the bus shelters in three texts. The editorial, an interview with the Mayor, and an article were all written by the editor-in-chief of the magazine, who was the head of the Information Office at the City Hall. On the first pages, next to the table of contents is a picture of the Mayor with the subtext "The tall man looks from far above. Good is good enough, even if it is not the best. The Lord Mayor's straight talk on pages 138–143".[113] The editorial notes that "this extra large issue is devoted to urban planning, architecture and architecture [sic!]. We'll discuss beauty and liveability".[114] The editorial stressed the importance

[113] "Pitkä mies katsoo kauas korkealta. Hyvä on tarpeeksi hyvää, vaikkei parasta olisikaan. Ylipormestari laukoo sivuilla 138–143."

[114] "Tämä tiedotuslehden suurnumero keskittyy kaupunkisuunnitteluun, rakennustaiteeseen ja arkkitehtuuriin. Keskustelemme kauneudesta ja ihmisten viihtymisestä."

of ‘uniformity’ in street furniture and that it was going to look ‘elegantly French’. “National characteristics don’t disappear that easily.”[115] The article, “The Cinderella of the Baltic Sea”, tells that the French JCDecaux “offers a package where street furniture is designed with cosmopolitan taste and where its maintenance and upkeep are also taken care of.” The final chapter, under a big picture showing a JCD tram shelter in Helsinki, is subtitled “Cinderella gets her shoe”. “Beauty never disappears. In the end, it always wins and the tiny Cinderella of the Baltic Sea will get her glass slipper, or maybe in the age of jet airplanes and aerosoles it will be out of special shatter-proof glass or plastic.”

> *“There was quite a lot of public debate before and after […] they published this impressive text and brochure and pictures […] by Pemu Mustonen [head of the Information Office at the City Hall] – that means that it was delivered to every household, this Helsinki-info, real multicolour thing, like a magazine […] where they promoted this arrival of French street furniture into Helsinki very well almost as if it had been decided already […] this was one brochure, […]”*

5.3.5 The City Board

Meanwhile, in the spring of 1991 the City Board was planning a visit to Paris and Rotterdam in order to study city planning strategies. The Company’s Finnish director approached the City Hall and offered to take the Board Members on a helicopter ride in Paris to see JCD and its products. This invitation was flatly refused by the office of the Deputy Mayor, who was in charge of urban development and was thus planning the excursion. The Company’s director was informed that any City Board member who would enjoy the hospitality of JCD in Paris would be considered to have a conflict of interest when decisions about the Company’s bid were made.[116] The Company had invited each of the major party groups to individual meetings in Helsinki in 1990 to inform them about their products and their proposal.[117].

---

115 ”Ei kansallinen omaleimaisuus katoa helposti.”

116 The information is based on an interview with Marjatta Raunila. She worked as a City Clerk for the Deputy Mayor Erkki Tuomioja, who was in charge of city planning and real estate at the time.

117 Mentioned by Pekka Saarnio in the City Council debate 17.4.1991.

The City Board, which had to approve the documents and the motion that would be presented to the City Council, had the Company's proposal on the agenda on 11.2.1991. This gave Maximedia/JCD's two Finnish competitors the motivation to join forces and send an analytical and highly critical letter (Ulkomediat Oy and BF-Mainos Oy/Fagermark Oy 14.2.1991) together to the City Board. A Finnish stainless steel production project team also wished to be one of the alternatives that would be considered (Kromilaakso, letter of 15.2.1991). Maximedia/JCD had meanwhile been informed about its competitors' proposals and had read carefully the comments of the Commission (the politically nominated board) of the Real Estate Department (RED). In a new six-page letter (20.3.1991) the Company attacked a number of the claims presented by its competitors and presented its own calculations of the estimated costs to the City and of the value of its own investments.

The issue was on the agenda of the City Board again on 25.3.1991. This time the item was presented by Lord Mayor Raimo Ilaskivi himself – not by Deputy Mayor Carl Johan Adolfsson in charge of public transport, who later presented the item in the City Council.

> *"This was quite exciting this phase since originally it was [Mayor] Ilaskivi who tabled the stuff, in the city council it was changed to Adolfsson […] why, I don't know. Adolfsson, as far as I can judge had a conflict of interest. (KT: Why?) Because in those days he still owned a family business, an accounting company, which did the accounts of the biggest shareholder, Decaux that is. In those days Decaux was 60 % Finnish, 40 % French."*

The City Board voted twice on the issue. The first motion, which was put forward by four (4/15) City Board members, was to not take the item to the City Council. Instead, they suggested that a new motion should be worked out, with a proposal that an ideas and tender competition be organized as soon as possible, and the street furniture be selected based on the results of the competition. Also, it was recommended that the City Board stress the compatibility of the solutions with the climatic conditions in Helsinki. The second motion by five members proposed that a committee should be nominated to clarify the locations and development of advertising equipment and street furniture, and work out a proposal to take to the City Council. The committee would have consisted of representatives of four city departments. Both motions failed to pass, and the item proceeded to the agenda of the City Council, where it was approved. The City Council debate will be discussed later.

5.3.6 The media

After the City Council meeting, a newspaper published a report highlighting the no-cost-effect: "The company would produce, deliver and install the outdoor advertising equipment without any cost to be borne by the city. The electricity needed for the ads, and electrical installation works would be paid by the city." (HS 18.4.1991)

> *"Then there is also this one [press clipping]'Helsinki loses 41 million in advertising money', so […] (KT: Was it a figure that you had given them?) I had 61 millions, I think that was my figure although I cannot remember how I had calculated it. (KT: Was it per year or per the whole term of the contract?) The whole term."*

> *"I think there are 2 300 advertising surfaces being used already [in 2005] and there is more coming all the time – that is the business: 2300 places to advertise! That is really a big deal for them […] Everything else, three big advertising panels, one toilet […] 'Ilaskivi's singing toilet'. That is where it began – this whole Ilaskivi idea – that he had seen one of these automatic toilets with music in Paris. (KT: Had he been invited to see one?) I don't know, but at least this is what he said in public, and then they found out that it was this Decaux and it had blahblahblaa and […] when you asked if it would be worth asking him, I think his role will be pretty silent in this matter."*

A conservative newspaper had earlier mentioned the negative comments given by various City Departments. It described how Mayor Ilaskivi had already said that he is sick and tired of the indecisiveness of the departments, which, according to him, has caused that "we live in a nationally characteristic and rusted furniture environment". (US 12.2.1991)

> *"[Ilaskivi] said that this is so dreadfully ugly this street furniture now, in particular the bus shelters, and he has for a long time already […] done this and that and nothing happens."*

The Helsinki press saw some of the controversies in the process and turned them into headlines, not least because the Mayor liked to use colourful language. Most notably, already after the City Board meeting, the editorial of the biggest daily newspaper (HS 14.2.1991) was extremely blunt. "Let us see what the City Councillors will think of the French furniture offer. If it gets approved, it will become a textbook case of how easy selling a deal can be. Business corporations have already learned that it is easy to make big deals with the city. They don't have to sell the products to the users. It is enough if the bus shelters are sold to the Mayor, who has a chauffeur. The Mayor then sells them to the City Council. Do we really have to deal with this kind of an arbitrary venture?"[118]

> *"In every single city they go and sell this project to the Mayor […] that is the Decaux technique, it is always sold to the mayor, he is made to commit himself. I'm not saying anything more because I don't know. But they make them commit. They get the project sold, as kind of such a good project that for Helsinki or any other city, or Stockholm or Oslo it is worth coming along. […] In the beginning of the 1990s they [JCD] bombarded Copenhagen, they are real patient in working on this, they do it sort of systematically – they have a guy who does nothing but lobbying in each country."*

5.4 The City Council debate

The City Council had the issue on its agenda for its regular meeting on Wednesday evening, 17 April 1991. The debate took three hours, which was exceptionally long. The agenda item, "The cooperation between Maximedia Ltd and the City of Helsinki on outdoor advertising equipment and street furniture," was almost 80 pages long. It included 17 annexes, among them the letters from Maximedia/JCD and its competitors, the 20-page draft contract, and the statements of city departments. In addition to that, Maximedia/JCD had sent material directly to the council members.

> *"[…] and then the other brochure […] Decaux had sent it to the members of the city council and others, it had sort of a 'before' and an 'after' situation […] they had kind of illustrated an old ragged bus shelter that had some winos with a beer bottle and then of course these new elegant bus shelters with sort of Euro […] well-dressed Euro-people […] that was the sort of politics that I had heard they did all over Europe."*

---

[118] As quoted by Councillor Ilkka Hakalehto in the City Council debate 17.4.1991.

The councillors who took the floor were mostly representatives of small parties, who unanimously opposed the contract proposal. The opposition consisted of the Left Coalition (8/85); the Greens (7/85); Helsinki 2000 (3/85) which was a populist movement centered around a strong woman, Liisa Kulhia; the conservative People's Cooperation party (2/85), which was built around Ilkka Hakalehto; and the ultra-conservative Constitutional Right Wing Party (1/85) of Georg C. Ehrnrooth. The Finnish Christian Party (2/85) did not participate in the council debate.

Over twenty different themes[119] can be identified, around which the standpoints and arguments were built: a few for, but most against, the motion. This analysis of the overall debate is presented in a table (Table 2), which also lists the speakers and the parties they represented. The Lord Mayor and the Deputy Mayor are listed in parentheses, as they are not City Council members. The Lord Mayor did not speak at the meeting, but his arguments were provided in the introductory text of the agenda item. The most common issues were aspects of the decision

---

[119] Topics that were discussed in the City Council, listed in the order of how frequently they were used, starting from the most common ones:

1. Decision making process (why the rush, proactive role of the Lord Mayor, delegation of the issue to the Deputy Mayor, unorthodox political consensus)
2. Economic aspects (loss of rental income from advertising)
3. Image of the 'cityscape' (liveable, comfortable, informative, secure)
4. Appealing to the 'professional opinions' of the commissions and departments
5. 'Quality' and cleanliness of the French equipment
6. Public procurement rules and alternatives
7. European, 'foreign' versus national (loss of local identity, European Union as a threat)
8. Length of the lease term (15 years or shorter)
9. Lobbying done by JCD (visits to JCD)
10. Monopoly for one company (there would be others)
11. Domestic or foreign labour (foreign products)
12. Finnish Design, design competition
13. Need for only 200 bus shelters, instead of 500
14. Contents of advertisement
15. Private profit (not in the city's interest)
16. Suitability for the Finnish climate
17. Equity (use of the old bus shelters)
18. Suspicion of corruption (travels? conflict of interest?)
19. Public debate
20. 'Holistic plan'
21. 'For free'
22. Globalization
23. 'Bureaucracy', 'Red Tape'

making process, economic viewpoints and comments linked with the appearance or origin of the equipment. The issue of globalization was brought up by a single speaker. The Mayor's 'red tape' arguments were not discussed by the councillors. The argumentation will be examined in more detail in the following chapters.

The Left Coalition, the Greens and the small 'protest parties' criticized heavily the lack of an open, competitive tendering process. Deputy Mayor Adolfsson had to confess that he had no calculations of the City's eventual financial losses, but that he did not trust the unfavourable figures presented by the Real Estate Department, either.

In the end, the motion to approve the cooperation contract was passed by a vote of 47–31, with the majority consisting of the Conservatives, the Social Democrats, the Centre Party and the Swedish People's Party. The votes of the Conservatives (28 seats out of 85) and the Social Democrats (22/85) would have been enough for the motion to pass, but the traditional coalition formed by the two major parties was strengthened by the Swedish (8/85) and the Centre (4/85) parties.

The Mayor was going to retire in May 1991, only a month later, which meant that he had no time to lose. From the councillors' view, the next local elections were coming up first in October 1992. The rhetoric did not necessarily need to serve election campaigning as much as would have been the case a year later.

> *"The city council members disagreed strongly, but these big parties just rolled over them. It was not a unanimous decision, but the leaders of the parties had been made to make a commitment, in one way or another."*

The case study, in particular the argumentation analysis, is a focused analysis of the local political response. Why the political parties voted in the favor of the bus shelters, regardless of their political platform, is an interesting question. A simplistic assumption that the left would be against privatization and the right for it, does not hold in the quantitative analysis (Table 2). The small parties used the opportunity to raise their profile and criticized the proposal heavily. But the social democrats voted with the conservatives. In this Helsinki case one reason is that the Finnish local government system does not have a government-opposition structure at the local level, the City Boards include all parties, and the big parties are tempted to make deals with each other to secure their positions. However, worldwide, a theoretical finding confirms (2.6.3) that "government ideology holds great prejudice for privatization". The other reason is my assumption that the City Councilors in Helsinki simply did not understand what the real issue was about.

***Table 2**. Issues and speakers in the City Council debate 17 April 1991.*

		ISSUES DEBATED IN THE CITY COUNCIL 17 APRIL 1991																								
Political affiliation (right to left)	SPEAKERS	*IN SUPPORT OF THE MOTION*	*AGAINST OR FOR POSTPONING*	"BUREAUCRACY, "RED TAPE"	GLOBALIZATION	DECISION MAKING PROCESS	ECONOMIC ASPECTS	URBAN IMAGE	"PROFESSIONAL OPINIONS"	"QUALITY" AND CLEANLINESS	PUBLIC PROCUREMENT RULES	EUROPEAN, FOREIGN VS NATL	15-YEAR LEASE TERM	LOBBYING BY JCD	MONOPOLY FOR ONE COMPANY	DOMESTIC LABOR	FINNISH ALTRN,, DESIGN COMPET.	NEED FOR 200 SHELTERS, NOT 500	CONTENTS OF ADVERTISEMENT	PRIVATE PROFIT	SUITABILITY FOR THE CLIMATE	EQUITY (USE OF OLD SHELTERS)	SUSPICION OF CORRUPTION	PUBLIC DEBATE, MEDIA DEBATE	"HOLISTIC PLAN", MATCHING	"GRATIS", NO COST
Left	**Saarnio**		X			X	X	X	X	X	X	X	X	X		X	X	X								
	Hentilä		X			X	X	X		X	X	X	X		X		X							X		
	Ojala		X			X	X	X	X		X													X		
	Kilpi		X																							
	Vasara		X			X																				
SD	**Piimies**	X					X			X																
	Laurila A	X				X		X	X	X	X	X		X		X	X				X	X			X	
Ce	**Pentikäinen**	X		X		X		X	X	X	X	X	X			X	X				X				X	
	Molander	X																								
Greens	**Junes**		X			X		X		X													X			
	Könkkölä M		X			X		X	X	X																
	Haavisto		X			X	X				X															
	Abu-Hanna		X			X	X	X		X									X							
	Hautala		X		X	X	X	X			X	X	X	X	X											
	Könkkölä K		X			X	X	X	X	X	X	X		X								X				
Swe	**Meinander**	X						X			X															
	Gyllenberg	X					X	X		X				X												
	Donner	X							X										X							
DM	**(Adolfsson)**	X					X	X																		
LM	**(Ilaskivi)**	X		X				X		X		X													X	X
Conservat.	**Vihervaara**	X		X		X																				
	Pettinen	X				X	X	X	X	X			X					X				X			X	
	Laurila R	X				X																				
	Antvuori					X	X						X							X						
	Saarinen O	X				X																				
	Vennamo	X		X		X	X	X	X	X																
Kulh.	**Sairanen**		X																							
	Nieminen S		X				X			X			X													
	Kulhia		X			X	X	X	X			X		X					X				X		X	X
Co	**Tuomola**		X			X	X	X	X				X		X	X	X	X								
	Hakalehto		X			X	X	X	X		X	X	X		X	X	X			X	X		X			X
R	**Ehrnrooth**		X			X																				

6 The arguments[120]

6.1 Overview

The core material analyzed here is the transcript of the three-hour debate in the City Council on 17 April 1991 as well as the background documents included in the agenda item. As discussed under "Methodology" in chapter two, the argumentation analysis looks for answers to the following questions:

- Which were the most frequent arguments, the successful ones, and finally, the '**super-arguments**'?
- Can the **sources of super-arguments** be traced back?
- In the super-arguments, were the **premises** explicit?
- Which questions were missing? Were there '**absentee arguments**'?
- Which super-arguments could be evaluated as **fallacies**?

First, the arguments are grouped into four categories according to their role in the process. They are salesman's, protagonist's and antagonist's arguments as well as the missing questions, which lead to 'absentee arguments', arguments that were never made. The salesmen are Maxi-

[120] Definitions from the online Encarta Dictionary: An argument is "a reason put forward in support of a point of view", "the main point of view expressed in a book, report, or speech". The arguments could be identified within their textual context as particular "stated points of view" that were meant to underline characteristics of the proposal or of the process, based on which a decision for or against it should be taken.

media/ JCD, JCD and their competitors. The protagonists are those willing to accept the Company's proposal, and the antagonists those opposed to the proposal. Successful arguments and fallacies will be pointed out and their family tree and premises analyzed. Those in support of the final outcome of the vote in the City Council are regarded as successful arguments, among which super-arguments are those that are most frequently repeated and appear to be the strongest. In the following text, the key expressions of the arguments are underlined. Whether basic principles of communication were adhered to will also be briefly discussed. The conclusions will reflect on the research questions.

6.2 Salesman's arguments

The arguments presented by Maximedia/JCD and its competitors are not unconditionally assumed to be fallacies, but they have to be regarded as 'sales pitches' and as 'one-sided advocacy arguments', as Walton (1998, 209) calls them. They are by nature biased and should have been taken with a pinch of salt by the audience. The quotes assigned to the Company all appear in the documents that were annexed to the agenda of the City Council meeting. They include two letters (19.4.1990 and 20.3.1991) as well as the Company's contract proposal.

The 'cooperation' partner. For a lawyer it would be easy to argue that if the French multinational JC Decaux presented itself in Helsinki as <u>a cooperation partner</u> of Maximedia, it was *a fallacy of suppressed evidence*. Formally, this wording was most likely correct: "Maximedia Ltd owns a subsidiary of JC Decaux, the Finland Decaux Ltd". However, this gives the impression that the familiar local firm, Maximedia, is the main actor, not the foreign global company JCD. The contract proposal to privatize the bus shelters and to increase the amount of outdoor advertising considerably without any reimbursement to the City was called "a proposal for <u>cooperation</u>"[121]. "Working together with urban planners, the Company will make an effort <u>to assist</u> in creating a holistically planned, beautiful and functional as well as safe urban environment." Consequently, echoing the Company's formulation, the item on the agenda of the City Council was also called by the City Hall "The

[121] Original in Finnish: "yhteistyöehdotus"

cooperation between Maximedia Ltd and the City of Helsinki regarding outdoor advertising equipment and street furniture". In those days, the administration was obviously not yet familiar with the concepts of public-prive partnership (PPP), outsourcing or privatization.

Helsinki is an important European city. At the beginning of its first letter to the City Board, Maximedia/JCD compares Helsinki to "<u>other big cities / metropolises</u>". This must have sounded very flattering to the decision-makers of Helsinki, which was a rather provincial town of half a million inhabitants. In those days the City was trying to become known as a Western European capital called Helsinki instead of Helsinski, and trying to enter arenas of cities' global competition, which was still an uncommon concept. Maximedia/JCD's second, more defensive letter concludes with a note that what the Company is proposing is, however, "a form of cooperation, which about <u>750 of the most important European cities</u> have agreed to and found workable[122]". I'd like to call this an *argumentum ad vanitas*, appealing to the vanity and chauvinism of the decision makers. The second letter turns it almost into a threat: if you don't accept our proposal, you won't be one of the 750 [sic!] most important European cities. This is somewhere between a slippery slope–argument, *argumentum ad consequentiam*, and a mild version of *argumentum ad baculum*.

European, foreign and domestic. The scale arguments: "products in <u>over 700 European cities</u>" and cooperation with "about <u>750 of the most important European cities</u>" build the credibility of the hitherto unknown "<u>world's leading</u> street furniture provider". In 1991, from the Finnish perspective, 'Europe' was still equal to 'the world' and Finland was not yet a member of the European Union. The cylindrical advertising pillars are called "<u>Model Finlandia</u>" and it is stressed that the design will be finalised in cooperation with local city planners. This would appeal to national pride. In its second letter the Company stresses that it would use as many <u>domestic</u> Finnish subcontractors as possible. Obviously a careful balance had to be maintained between Finnish chauvinism and the desire that Helsinki become a more cosmopolitan and 'European' city.

[122] Original in Finnish: "Se on kuitenkin yhteistyömuoto, johon n.750 Euroopan tärkeimpiin kuuluvaa kaupunkia on siirtynyt ja jonka ne ovat todenneet toimivaksi."

'Urban image', other values and good intentions. A number of arguments have fortuitous 'good intentions' as their premise. Some appeal to values like beauty or security. Improving the image of the city or the beautification of urban space is frequently referred to in different formulations. "The company will make an effort to assist in creating a <u>holistically planned</u>, <u>beautiful</u> and <u>functional</u> as well as <u>safe</u> urban environment." In those days, planning and design professionals in particular considered 'holistic planning' a preferential strategy, referring to 'Gesamtkunstwerk' instead of haphazard design efforts. "New street furniture remains <u>beautiful</u> only if it is kept absolutely clean under all circumstances." It is assumed that the new equipment is beautiful. No parameters, comparisons or other proof is presented about the beauty of the equipment. "<u>Enhancement of the urban image</u>"[123] is quoted as the long-term goal, which requires the development of outdoor advertising equipment and street furniture. New street furniture will serve the people "<u>better and more efficiently</u>", it is "<u>safe and will enhance the cityscape in a contemporary manner</u>". "<u>User security</u>" would be enhanced thanks to the lighting of advertising equipment. However, no research results or other facts are presented outlining how lit advertisements would increase a feeling of security or reduce crime. The logic is that advertising means light, light means security, security is good, and hence, advertising is good.

'Street furniture'. JCD portrays itself as "the world's leading <u>street furniture provider</u>", with "products in over 700 European cities [...] At the same time JCD is an outdoor advertising company". Street furniture comes first, while being an outdoor advertising company is presented as if it were a separate role. The elements of the package offered are called '<u>new street furniture</u>', which sounds like benches and lamps. That "[o]utdoor advertising equipment is <u>naturally part of street furniture</u>" is stated as a given by the Company and not questioned by anyone at the City Hall. Paradoxically, the competitors are the first to note that the Company is not really selling '<u>street furniture</u>' and '<u>information panels</u>' but 'advertising equipment'. They continue: "The way Maximedia Ltd. puts a <u>large amount of outdoor advertising equipment</u> and a <u>small amount of other street furniture</u> into one package is an

123 Original in Finnish: "kaupunkikuvan parantaminen"

extraordinary point of departure […]" And, "[…] the so-called information panels are, despite of their name, regular outdoor advertisement equipment".[124] Even if argumentation analysis does not discuss euphemisms, it is important to point out this misrepresentation of both bus shelters with advertising panels and advertising panels with no other function as street furniture. In this context, Walton might call this *a fallacy of suppressed evidence*.

The benefactor. Economic arguments were important. The Company presented itself almost as a benefactor, '*argumentum ad benefactorum*', instead of a global company fighting for a global market monopoly. "Because the proposed new advertising equipment and street furniture require that Maximedia make a major investment and sustain a cleaning and maintenance system, paying rent in cash as is traditional, will become economically impossible. However, due to the size of the package, we are prepared to deliver without asking for reimbursement some other street furniture that the city needs." The 'economic impossibility' is expressed as a given. The RED attacked it fiercely in its comments, and caused the Company's counter-argumentation in its second letter. The big investment is also the argument in support of the 20-year contract term, which would be much longer than previously. The proposed "maintenance and cleaning work will offer jobs to at least eleven new employees in Helsinki only". This gives the impression that new jobs would be created. "As we understand, among other things, budgetary reasons have, until now, made it difficult to come up with a holistic solution." Now, it seems as if the Company's proposal would eradicate the 'budgetary reasons' – lack of money – and there would be no budgetary implications for the city. In the City Council debate these arguments were compressed into the expression 'cost savings'. The salesman's arguments regarding the implications for the city are typical *fallacies of suppressed evidence*.

"The so-called 'old-model' shelters which will become available can be located on the outskirts of the city, where, as we understand, there

124 Original in Finnish: "Maximedia Oy:n tapa paketoida suuri määrä ulkomainosvälineitä ja pieni määrä muita kadunkalusteita on jo lähtökohtana erikoinen ja palvelee lähinnä ko. yhtiön omia tarkoitusperiä ulkomainonnan alueella." "Ns. tiedotustaulut ovat nimestään huolimatta normaaleja ulkomainoslaitteita." (Letter of Ulkomediat et al. 14.2.1991)

is a growing need for bus shelters." It is taken for granted that the new shelters will be located in the city centre and not on the outskirts. Quite the contrary, with its proposal the Company seems to help fulfil the need on the outskirts.

Echoing competitors. Until Ulkomediat Oy and BF-Mainos Oy/ Fagermark Oy (hereafter the competitors) realized that they had lost the game and turned from competitors to adversaries and antagonists, Ulkomediat Oy used very similar arguments to those of Maximedia/JCD. It wanted to raise the design standard of street furniture to an international level and mentioned the name of a well-known Finnish architect, Professor Juhani Pallasmaa. He had been asked to design the "family of advertising equipment". This was clearly an *argumentum ad verecundianum*, appeal to a respected authority. The competitor stressed the domestic labour aspect and mentioned the design principle that "the structures have to fit into the Finnish urban environment".

One of the alternative proposals came from Kromilaakso, which was a cooperation project of two cities in Northern Finland, Kemi and Tornio, and companies in the region, working with stainless steel. Their letter (15.2.1991) to the City Board was also signed by the mayors of the two cities, and stressed national interests: "One of the goals of the project is to develop domestic street furniture [...] which will fit into the Finnish streetscape."

6.3 Protagonists

The magazine *Helsingin kaupunki tiedottaa* (City of Helsinki Informing) is edited at the City Hall. Already in the 1990 issue the bus shelter project was discussed in several articles, including the editorial and a box next to the list of contents with a picture of the Mayor. The editor-in-chief was also responsible for a six-page interview with the mayor with the title "The worst barriers to development are bureaucrats and those looking for utopias".

Fighting against red tape. In the interview the Mayor presents his motto: "The best [solution] will remain utopia. In addition, the best is an enemy of the good. [...] I'm looking only for good solutions." His main criticism is directed towards the city planning department which, according to him, is not doing its job but continues arguing and looking for utopian solutions. The spirit of NPM is reflected when he refers to the Docklands in London and states that the city and the state don't have to do everything themselves. "In the manner of Western countries, we should let the private sector act while the control of the cityscape remains." The editor underlines the Mayor's point: "Ilaskivi hates internal bureaucracy. He wishes that the unification of Europe will crush it with its nail like a bed-bug. [sic!]"

Beautiful things. Under the subtitle "The curse of internal bureaucracy" the Mayor mentions "furnishing the city to become more beautiful" as a prime example. "For decades it has been said that Helsinki deserves more beautiful street furniture, elegant bus shelters, [...] Nothing happens! They [different city departments] keep talking. They dream and sit in utopia's lap." The Mayor talks about 'beauty' and 'street furniture', not about advertising or outsourcing.

The European. Ilaskivi's argumentation idealizes 'Europe' while ridiculing domestic values, contextual aspects and chauvinism. He describes how, while Helsinki is consciously being developed into "a European capital," the architectural review board of the Building Department "withdraws into a provincially national ivory tower." "A French street furniture corporation, which is accepted all over Europe, makes an excellent package offer, which would mean that the architectural beauty of Helsinki would be supported by elegant street furniture and we'd finally get something of a high standard after years of pushing and shoving. The proposal, however, is being opposed with a reference to national particularities. Thus, we live in a rusted and rough furniture environment which is characteristic of the nation. But by the beginning of next year there will be a solution, that's when the political decision makers will have to take a stance."[125]

[125] "Ranskalainen yli Euroopan hyväksytty kadunkalustajakonserni tekee Helsingille erinomaisen kokonaistarjouksen, jonka seurauksena Helsingin arkkitehtoninen kauneus korostuisi elegantilla kadunkalustuksella ja vihdoinkin saataisiin jotain korkeatasoista aikaan vuosikymmenien jahkailun jälkeen. Esitystä kuitenkin vastustetaan kansalliseen omaleimaisuuteen vetoamalla. Niinpä elämme ruostuneessa ja kansallisen omaleimaisen kuhmuisessa kalustoympäristössämme. Mutta vuodenvaihde tuo ratkaisun, silloin poliittinen päättäjä joutuu ottamaan kantaa." Helsingin kaupunki tiedottaa. 1990, pp. 138–143.

In later interviews, Ilaskivi also mentioned that "[the bus shelters] bring a European image to Helsinki". His argument was simple: "It is simple, I've travelled a lot abroad and seen pieces of street furniture that match."

The agenda item. About a year later, similar comments appear in the introductory text of the motion on the agenda of the City Council. In practice, the text is written by a legal adviser to, and under the direct supervision of, the Mayor or Deputy Mayor who will table the issue in the Council meeting. The text outlined the proposal of the Company using their language, e.g. "Maximedia will commission, deliver and install all the aforementioned outdoor advertising equipment without any cost implications to the city." The comments of the departments and the letters of the competitors were just briefly summarized. The 13-page introductory chapter of the motion of the City Board concludes with the following statements:

"The design and procurement of street furniture and advertising equipment in Helsinki has been characterized by short-term thinking and disorganization. There has been an ongoing effort to develop Finnish solutions, but this has led to no concrete result. Obviously the reason has been that no one has taken care or real ownership of the issue."

"The City Board would like to stress that the hitherto tardiness has been partially influenced by the fact that permit procedures have often been 'held back'[126] under the pretence of permit technicalities and issues of opinion and the proposed projects have come to nothing. The questions are, however, always up for deliberation, and there is not likely to be any absolutely correct solution." The 'bureaucrats' were under heavy fire. It is interesting that on one hand, the beauty of the proposed equipment was praised, but on the other hand, there are only 'issues of opinion'.

"Now a truly holistic plan is being presented, based on which the City Board considers that the issue can be developed further. It is true that the proposed outdoor advertising equipment and street furniture are foreign products, but the City Board does not think that it can be necessarily considered a negative aspect. Outdoor advertising equipment and street furniture will certainly not be able to conceal our own traditional

[126] Original in Finnish: "pyöritelty" in quotation marks

particularities, and hence our national characteristics will certainly remain there for a long time. It should also be underlined that the company has declared its readiness to develop different pieces of furniture so that such types of furniture and equipment can be found which fit into Helsinki in the best way."

The end of the introduction also notes that various departments have drawn attention to the potential loss of advertising income. "In exchange, there will be savings in expenses because Maximedia Ltd would, according to the contract, take care of the maintenance and cleaning of the equipment. It is difficult to estimate the amount of the expenses caused by this function for the time being, because they are distributed in different places in different departments and utilities, but in any case the collective sum is likely to be considerable." The Mayor was prepared to argue about the expenses. Again, the blame was put on the disorganized departments.

The Legal Department of the City Hall (LD) had only a few detailed comments, more editorial than substantial. They did not mention anything about competitive tendering, as an example.

In the council debate, out of the few interventions in favour of the proposal some had to defend the process, which did not apply any procurement rules. The explanation was that because the Company's bid was public, anyone else could have submitted a bid, too.

Two councillors from the Mayor's conservative party supported these anti-bureaucracy arguments briefly. One councillor, however, regarded the Mayor's exaggerated language as inappropriate.

Others repeated the negative assessment of the present situation, and pointed out the cost savings, the quality of the Company's equipment and its positive impact on the city's urban image.

A counter-argument was needed for the comments that showed the advertising income that the city would inevitably lose. The loss would be counterbalanced by "savings in expenses", which were "hard to estimate because they are borne by different actors in different departments, but their total can be assumed to be substantial".

6.4 Antagonists

Loss of income. The financial burden on the city as well as the length of the contract period was mentioned by several departments in a critical tone. Helsinki Energy (HE) found the expenses for the electrical installations and energy for the next 20 years far too high and said that it would have to invoice them from somewhere else, e.g. the Real Estate Department. The conservative press used the 'no cost' argument. Even Uusi Suomi, however, wrote in the same article that the city would have to pay for the electricity and the electrical installation works. (US 12.2.1991)

The competitors. In their joint letter, the competitors of Maximedia/JCD took the role of a prosecutor when the issue was already on its way to the City Council. The letter was also one of the annexes of the City Council agenda. Already the tone of the first subtitle of the letter reveals the grave disappointment and anger of the writers, as well as the fact that they were very well informed: "The real meaning of the contract proposal to the city". A paragraph, which was partially quoted above, includes several points: "The way Maximedia Ltd. puts a large amount of outdoor advertising equipment and a small amount of other street furniture into one package is an extraordinary point of departure and serves only the goals of the company in the outdoor advertising sector. The goal of Maximedia Oy (of which the French JC Decaux owns 40 %) must be to gain a permanent monopoly position for this French-made equipment in the advertising locations in Helsinki, which is an almost total deviation from the contract tradition of the city."

The competitors knew the financial details. They also highlight cost implications. "Unlike Maximedia, other companies do pay rent to the city for the advertising locations and pay for their electricity themselves. Like Maximedia, other companies also maintain and clean their equipment and replace broken parts with new ones." That means that "losses in rental income [to the city] would be massive". A furious exclamation: "On top of everything, the city is even committed to applying and paying for the building permits for this advertising equipment that is owned by a private company!" This is the only time that anyone refers to Maximedia/JCD as 'a private company' – and the writers represent private companies, themselves.

"In addition, it is worth noting what is well known: that the solutions in Helsinki will serve as important examples to other cities." As result, it could lead to "a monopoly of French advertising equipment, which practically prevents all domestic product development in the field of outdoor advertising". The competitors understood the strategy, which no one else pointed out.

> *"(KT: Was Helsinki the first city in Finland?) Yeah, it was practically the first, and the first important one, this helped them to spread like fire all around Finland. That is, had they not got Helsinki, they'd have closed the case right away. Helsinki is decisive for outdoor advertising. If you don't have Helsinki, forget about the whole business."*

'Bureaucrats in their ivory tower' were ridiculed by the mayor. One of them was the Building Control Department (BCD). According to the Mayor, the BCD 'shuffled' 'permit procedures with the pretence of permit technicalities' and 'issues of opinion'. He attacked the BCD by giving the impression that the department handled permit applications slowly and made up reasons to deny permits based on technicalities and personal opinions. In its statement (10.7.1990) the BCD had formulated a goal: "At their best, street furniture should form an aesthetically superior set, which has a national character and is linked to the traditions of the city." London is mentioned as a good example, where a necessity has become a symbol of the city. Even if Decaux's products are elegant, they lack "local character and tradition". The statement is obviously a skilful balancing act playing with the well-known comments of the Mayor and his bias for London. However, the emphasis of the comment is on aesthetic values and local and national traditions.

Defensive departments. The Public Transport Authority (PTA) mentioned that the proposal is financially much less beneficial than the present one, where advertising agencies pay for the outdoor advertising space. The PTA had also gained ownership of the bus stop shelters. The PTA noted that they need 200 new bus shelters in addition to the existing 800. The PTA considered the proposed 20-year contract term exceptionally long. The PTA offered to organize an open, competitive tendering process where both domestic and foreign companies could participate. The PTA was the only one to mention that "the bus shelters are part of the public transport service" and should remain in their hands. They also mentioned that the issue at stake concerns "the image of public transport".

The Real Estate Department (RED) also noted that a 20-year advertising contract is highly unusual, whereas the norm in Helsinki had been five years, and in Sweden three years. It was also very outspoken about "[the proposal's] effort to create an outdoor advertising monopoly" which is "alien to Finnish corporate culture and contracting policies". It noted that in September the city of Espoo, the Finnish Association of Cities, and the Finnish Housing Fair had declared a competition to find domestic solutions to public street furniture. However, they noted that it is "not negative that the offered street furniture is not domestic".

The Public Works Department (PWD) focussed on describing its own key role in the planning and design of urban public space. It mentioned that dealing with the issues in a holistic manner has suffered from the fact that the decision-making responsibilities have been scattered throughout different departments. The PWD noted that in its organizational reform it had taken increased responsibility for the planning, construction and maintenance of public space and public furniture. The PWD used the comment as an opportunity to express its ambition for a stronger role in coordinating public space, as part of its turf war with the RED. They spoke beside the point, *ignoratio elenchi*.

The departments were on the defensive and their comments dealt, additionally, with a number of technical details. This was also an issue of continued internal turf battles between departments fighting for money and power. The departments that had the most to lose in financial terms presented clear figures about their losses. The most striking figure was presented by RED: the city would suffer "a loss of rental income in the amount of over 62 800 000 FIM over the period of 20 years" (equivalent to 10 million Euros today).

The process. Different procedural aspects were the focus of the councillors opposing the proposal. A lack of respect for public procurement rules was brought up by several speakers. Some representatives of the Left Party remarked that, along with the Greens, the two parties were suddenly the only ones asking for free market competition. Many councillors wondered why the different departments' comments had not been taken seriously. A councillor condensed the issues with the comment "The image of the city is not only about the appearance of public advertisements but also about how deals and contracts are made in a city."[127] The media was almost unanimously critical. Particularly the lack of an open process and competitive tendering and the counter-arguments offered by various city departments were quoted in many articles.

Missing calculations. Several councillors asked the deputy mayor for more accurate figures about the cost implications. When he finally was made to speak, he described how difficult it had been to estimate "how much we will pay for what I consider a better urban image". He did not agree with the calculations of the RED but noted that he could not present a calculation that would be correct, either. This confession further angered the antagonists, but they soon realized that they were in the minority and no argument would help any more.

Economic globalization. "I think that in the coming years we'll certainly encounter very often international companies like this that are looking for a monopoly position. I'd not be surprised if we'd soon receive bids for waste management from an American company. These things really happen. In Sweden, for example, […]"[128] This was the only comment which referred to what was really going on, but no one else took the issue up.

6.5 Missing questions and absentee arguments

Are there questions that could and should have been asked, but were not posed? Would these questions have led to counter-arguments that would have pointed out fallacies?

'Cooperation' or privatization? Why is the title of the agenda item formulated as "The cooperation between Maximedia Ltd and the City of Helsinki on outdoor advertising equipment and street furniture"? Judging from the substance, the agenda item should have been divided

[127] Councillor Abu-Hanna in the council debate 17.4.1991.
[128] Councillor Heidi Hautala in the council debate 17.4.1991.

into two separate issues: "Principles of privatizing public service infrastructure: an alternative regarding bus shelters as an illustration" and "Should the city lease land for advertisement in the urban public space in Helsinki for free?" The language of the title of the agenda item states the solution as a given. "There is no alternative" – the TINA Principle at work. The counterargument would be: The title of the agenda item is misleading, because the issue is not cooperation but privatization.

What was the real issue at stake? If solving an existing problem had been the issue on the agenda, a more appropriate title would have been "Proposal for a procedure to increase the number and improve the quality of bus shelters in Helsinki". That would, however, have meant that one of the motions of the City Board would have to have been approved and either a working group would have been established or a competition organized. Counterargument: The item should not be on the agenda at all. If the issue, according to the terms of reference of the council, is considered to be of such importance that it requires a council decision, e.g. if it exceeds a budgetary limit, the Council will first have to approve the brief, which describes the task, such as new bus shelters for the whole city, and the criteria for assessing bids.

Mandate. Why is this issue in the City Council and not in the commission of the Public Transport Authority? The bus shelters are part of public transit infrastructure, as the PTA noted in its comments. Also, they had taken care of the bus shelter previously. Most likely the PTA would never have approved of the Company's proposal, and they would not have had the mandate to give public space for free for advertising panels. The counterargument: The item should not be on the agenda of the Council at all. Renewing bus shelters is a task of the PTA. It shall only be put on the agenda of the Council if either the PTA's solution is questioned or if the cost exceeds the budgetary mandate of the PTA.

> *"It used to be so that the public transport authority would install the bus shelters and then sell space for advertising in them […] now it is the opposite, they are owned by Decaux, they used to be city property […] so that they kind of grasped a business that belongs to the city, and a service so that the people have a roof and it could […] I say it also in the papers that I came to the conclusion that if it would have been run properly it would of course have been profitable to the city – of course if it is profitable to Decaux, it is profitable to the city, too."*

> *"Then there is this one thing that I've been telling the present managing director of the public transport authority, I've asked what you'll do if a kind of horror scenario would become true that you'll not be running any of the bus lines yourselves, you've lost them all in competition to Linjebuss and the others, but you continue to have the bus shelters, which you are obliged to take care of and […] there will be expenses […] which means that there could be this kind of situation now that the city is outsourcing one bus line after the other – there are already a number of bus lines that are driven by a Scottish company, or a Swedish one or whatever, Linjebusses and Connexes and such are driving these lines that are of course the one and the bus shelters are the ones that have been put in place before […] the bus shelters would be used only by foreign companies and the public transport authority would have no lines of its own, but they'd have expenses, anyway. […] They'll still have to take care of the infra […] even if they have no single line to drive any more, they'll suddenly have 1 500 bus shelters to manage."*

Foreign, European, French or domestic? Why is the place of manufacture raised as an argument, while it has no relevance whatsoever for the decision? This is also true for 'beauty' and 'security'. As mentioned earlier, "political questions become 'insoluble' when 'disguised as cultural ones'" (Gramsci quoted in Harvey 2005, 39). Here the views about 'Finnish' versus 'not Finnish' and similar arguments seem to refer to 'cultural' values. 'Europe', of course, was a hot issue in those days. Finland was opening up after the Cold War, and would become an EU member at the beginning of 1995. 'Made in Finland', 'domestic craftmanship' and 'local traditions' had been uncontested values. In an almost similar way, who would wish to have anything 'ugly' or 'insecure' in the urban space? The good intentions of anyone pursuing these values would be a given. To use Perelman and Olbrechts-Tyteca's 'theory of reasoning with value judgements' and concepts, these were premises relating to 'what is preferable' instead of relating to 'the real' (van Eemeren et al 1996, 95–104). Counterargument: Whether beautiful or ugly, safe or unsafe, foreign or Finnish-made is not up to the Council to decide. The arguments are not facts-based, and as such merely rhetoric. The arguments are also beside the point, distracting from the main question, and as fallacies, *argumentum ad populum*.

Public procurement. Why did the Legal Department not point out the problems in the purchasing process and the necessity to apply competitive tendering? If there were no problems, why did they not at least give a proper response to the departments that raised the issue? Were the lawyers at the City Hall dissuaded from doing so? Is that why the process was called 'cooperation' instead of 'procurement' or 'outsourcing'? Counterargument: The Council cannot decide on the issue before the Legal Department of the City Hall has given its professional opinion on the justified questions of the Departments concerning the legality of the procurement process.

> *"[…] one of their [JCD] advantages is that they have flexible resources with which to play. […] So I'm not saying anything and not claiming anything, but it may be that some of the election ads may be linked to something like this. (KT: Yes, I noticed that there were two faces in the bus shelters ads.) They are always the same faces […] You could see the same thing happening, with different faces, sure, in the neighbouring cities, Espoo and Vantaa."*

Mayor as CEO. Why is the Mayor blaming his own administration for poor governance and 'bureaucracy'? In the private sector this would compare to the CEO of Company X declaring to his Board of Directors that his staff is incompetent and that he has to purchase products and services from another company. In the private sector the Board would ask the CEO why he failed to improve the management of the company, and the CEO would be fired. In Helsinki, the Mayor acted as if he were an outsider. He, however, was a civil servant and a bureaucrat just like his staff. Counterargument: Blaming the City's own departments for inefficiency should not be used as an argument for a contract with the Company. These arguments are attacks, where the target is not a single person but a small group of professional experts in the city departments, an extended *argumentum ad hominem*.

Personal interests. How did the Mayor get to know the Company's products so well? In one of the interviews he mentioned that he had travelled a lot and seen a lot of street furniture that matched well. What had ignited his personal passion for street furniture, a minor piece of infrastructure, which conventionally would not belong in the portfolio of the Lord Mayor? Why were the big parties in bipartisan agreement on the issue and only the small ones voiced their opposition? In the absence of any hard evidence these questions cannot form the basis for facts-based counterarguments.

Equity. If the Company wanted to install 500 new bus shelters, and if they knew that bus shelters were needed on the outskirts of the city, why did they want to start installing new equipment in the centre of the city? Was it possible that the prioritized locations for the new bus shelters were streets where the more affluent consumers would either walk or drive by car? Why was this priority order of installation taken for granted? Counterargument: The Company must not start installing bus shelters for people who already have them, but instead must install them in areas where there are no shelters, because the City must secure equal, quality service for all citizens.

> *"I suggested to the public transport authority that they make them compete, ask for a tender one bus line at the time, when they said that they'll bring 500 bus shelters, you can say that it is, let us say, bus number 62 from one end to the other, so we can ask others to make tenders in the same business – no, Decaux started from the city center and expanded like in a spiral which meant that no one could […] so the public transport authority tried to call for tenders for the poor lines, Jakomäki-style sort of, so no one was interested, because there is no advertising volume there, you just cannot."*

The public sphere. Did the councillors have the mandate to donate the urban public space of the citizens to a for-profit advertising business? If the Company would have stated that for financial reasons, it must also install advertisement panels at the City Hall and in all public libraries, would the Council have approved of that, too? Counterargument: The City Council must not allow the Company to install advertisement panels on the streets of the city, neither for reimbursement nor for free, because the urban public space is part of the public sphere and an open space for citizens.

6.6 Principles of communication

Based on a closer look at the decision-making process and its argumentation, it is possible to assess if the basic principles of communication were adhered to. Four principles, as presented by Lapintie, were discussed in chapter 2.6.7.

A common language. There were certain concepts, which were deliberately applied euphemistically: street furniture, information panel, and cooperation. It seems likely that these expressions were creatively used to distract from the true substance of the debate. 'Street furniture' was used also when it obviously meant advertising equipment only, 'information panel' likewise. 'Cooperation' covered the fact that the decision actually concerned privatization, as discussed earlier.

Right to present one's view and question the opponent's. Legally, it can be claimed that the competitors as well as various municipal departments had the right to present their opposing views. However, their comments were not seriously reviewed and no facts-based counterarguments were made. For example, two departments mentioned competitions that were either ongoing or planned, but these alternatives were neglected without any arguments. The cost issues or questions regarding competitive tendering were not sufficiently clarified.

Arguments are needed to support a standpoint if it is arguable. A number of arguments were presented with the standpoint as a given. Typically, the Company's products were assumed to enhance the cityscape and security.

One has to give up or modify one's viewpoint if there are no arguments to support it. The 'loss of rental income' argument was the most serious one, where no solid counter-arguments could be brought up. An assumption had to suffice.

Looking at the decision-making process and at its argumentation it must be concluded that the basic principles of communication were not adhered to.

6.7 The super-arguments

My secondary research question asked for the identification of **successful arguments** in the political decision-making process. Tracing back from the final decision (17.4.1991), the successful arguments were those that supported the final outcome of the process. Judging from the frequency of their appearance, among the strongest were: 'cooperation' (agreement between the Company and the City), 'free of charge / no cost' / 'savings in expenses', 'street furniture', 'enhancement of the urban image', 'high quality', 'beauty', 'security', 'European' (instead of no Finnish solutions), 'a truly holistic plan', and 'ivory tower' arguments accusing the administration of inefficiency. Most of them had already appeared in some form in the Company's first letter (18.4.1990). Among the successful arguments there seem to be three that stand out: 'no cost', 'enhancement of the urban image', and 'bureaucracy'. They are called here super-arguments.

One of the media's roles is to find the catchiest statement, in this case it was '**no cost**'. As discussed above (6.1), it was a classic salesman's fallacy of suppressed evidence. The Company managed to downplay the costs that the city would have to cover, and the immeasurable price of giving away the advertisement space for free. In the council debate, the Deputy Mayor had to confess that he had no facts to present.

The '**enhancement of the urban image**' was an argument that became a favorite topic in the debate. It is a 'good intentions' argument: who would not want to have a pleasant, clean and safe urban environment? However, there was no way to assess what the long-term impact of this urban clutter would be, whether someone else would have been able to produce an equal or better result, and whether the advertising equipment can ever 'enhance the urban image'. Enhancement, beauty, quality, security and similar attributes served value-based rhetoric arguments, *argumentum ad populum*.

In the Mayor's toolbox, the '**bureaucracy**'-argument was present not only in overt remarks, but also underlying several other notes in the introductory text to the City Council agenda. The comments were written using the passive case, without naming an object. As examples "the need to organize the use of outdoor advertising equipment and street furniture in a holistic manner <u>is most obvious</u> [because the departments have not taken care of it]" or "this time [as opposed to previous efforts of the departments] we have a truly holistic [instead of the departments' 'disorganized short-term thinking' and 'absence of plans'] plan in front of us". Instead of promoting the efficiency of the private sector overtly, the Mayor accused the public sector of inefficiency. Above I've suggested that this aspect of the 'bureaucracy'argument could be seen as an *argumentum ad hominem*, where the targets of the attacks had hardly any chance to counter-argue on an equal basis.

Understandably, the Company does not openly refer to incompetent bureaucracy in its argumentation. However, the final chapter of its first letter includes the note “[new street furniture] will serve inhabitants of Helsinki better and more efficiently“. There is no mention of what the ‘better and more efficiently’ is compared with. ‘Efficiency’, of course, is *the* buzzword of NPM.

The strength of the Mayor’s ‘bureaucracy’argumentation may lie in the fact that it can be interpreted in multiple ways. Talking about ‘red tape’ and blaming bureaucrats is a guaranteed winner with almost any audience. The press and most citizens like it. It gets votes. In that sense the ivorytower and inefficiency arguments are not only institutional attacks, as noted earlier, but also *argumentum ad populum*.

The second point about the mayor as the CEO of the city was also raised earlier (6.4). The Mayor did not acknowledge that, according to Finnish municipal legislation, he was primarily a civil servant and not a politician. Instead, he elevated himself to the status of a leader far above the administration. In reality he was the top manager whose job it would have been to make the administration work more efficiently. He had, for example, not founded a cross-departmental ‘street furniture action group’ and given it a deadline to come up with a realistic solution. He had never earlier expressed a vision of a new, more beautiful Helsinki with elegant street furniture, before the Company had presented it to him. In this sense the ‘bureaucracy’ argument was a fallacy of *ignoratio elenchi*, speaking beside the point. It functioned as a smokescreen for the fact that he preferred the Company’s proposal, for whatever reason. In order to *divide et impera* it was fine that the departments kept fighting with each other.

Thirdly, blaming red tape is the quintessential **neoliberal** argument to make demands for shrinking the public sector sound plausible. That makes the Mayor’s bureaucracycomments into arguments with a concealed premise, even if in the interview a year earlier, he had clearly expressed his premise. “In the manner of Western countries, we should let the private sector act while the control of the cityscape remains.” Surprisingly, this aspect was not brought up in the debate except for a couple of comments[129] which remained uncontested. In the City Council, the neoliberal agenda remained hidden.

”Power is actualized only where word and deed have not parted company, where words are not empty and deeds not brutal, where words are not used to veil intentions but to disclose realities, and deeds are not used to violate and destroy but to establish relations and create new realities.” (Arendt 1958/1998, 200–201) Arendt’s ethical view does not quite correspond with reality. A closer look at the arguments shows that quite the contrary is true. Power used words that were empty, and words were used to veil realities.

6.8 Conclusions

In this process the Mayor drove the process once he had been motivated to do so. He could be described as the ‘veto-player’, the individual “actor whose agreement is required for a change in policy” (Schneider et al 2005, 714). It is not customarily the role of a mayor to tackle minor practicalities like bus shelters, and certainly not outdoor advertisement equipment. It did not seem to surprise anyone. This is how JCD operates worldwide: it approaches the mayors directly, and avoids the ‘red tape’. At least in Helsinki, the normal procedure would have been that even if the Company had approached the City Hall directly, the matter would have been delegated to the Deputy Mayor who is in charge of public transport or public space. The concerned departments would then have been asked to prepare a proposal to the City Board and Council.

The councillors did not take the initiative and demand real alternatives. Are they to blame? The Company was there on time and caught most of the decision-makers innocently unaware of what was going on. The Mayor was able to present the solution as inevitable. Lapintie (1998) noted that ideological solutions are often presented as natural or even inevitable (2.6.3). There Is No Alternative. As van Eemeren pointed out, “[a] speaker who can assume that the audience will automatically accept certain premises as obvious or taken for granted, can do without making these premises explicit. Indeed, it might have a deleterious

129 A comment in the competitors’ second letter, and councilor Hakasalo’s comment in the City Council.

effect if all the premises were continually set out explicitly." (van Eemeren et al 1996, 44) This seems to have been the case. The mayor had a strong position, and it would have taken a lot of political courage to question his agenda. However, as his right-wing political values were known, it is surprising that the councilors did not look for the political core of this issue.

Schneider, Fink and Tenbücken (2005) showed that at least at national-level decisions for or against privatization are based on ideological right-left political values (2.6.3). In the Helsinki bus shelter case the concept of 'privatization' was not mentioned once. Even if the ownership of the bus shelters changed from public to private hands, the operation was called 'cooperation' and 'enhancement of urban image'. In the council, the political divide emerged mainly on the sidelines around procedural issues, economic questions and the domestic-versus-foreign debate. The fundamentally neoliberal bureaucracy-red-tape argumentation, which was introduced by the mayor, was not taken up by others.

As Harvey noted, "[p]rivatization and deregulation combined with competition, it is claimed, <u>eliminate bureaucratic red tape</u>, increase <u>efficiency</u> and productivity, improve <u>quality</u>, and <u>reduce costs</u>, both directly to the consumer through cheaper commodities and services and indirectly through reduction of the tax burden." (Harvey 2005, 65) All of these aspects were used as arguments in the Helsinki bus shelter case. The Company introduced all but one – bureaucracy – which was paradoxically brought up by the head of the bureaucracy himself.

As a rule it is assumed that the media plays a focal role and that its voice is heard. It is almost beyond belief that, as an example, the editorial in *Helsingin Sanomat* (HS) had no impact whatsoever. HS is non-partisan, and certainly not known for supporting leftist views in its editorials. The highly critical text appeared two months before the council meeting. Political memory is short, it seems.

Because there had been no joint public preparatory process, the departments' comments were, even if all more or less resentful of the proposal, somewhat confused. Internal power politics entered into play: some departments were fighting turf battles about who should be the "owner" of the bus shelters, that is, of the income generated by the advertisements. In the end they all lost, and the Company ran away with the trophy. If the departments had worked more closely together, they would eventually have come up with a credible estimate of the long-term costs and benefits of the Company's proposal and a constructive roadmap for their own solution.

From the point of view of argument analysis, Douglas Walton makes a powerful comment: "Political debate is only regarded as worthwhile and constructive in a western democratic political system if, to some extent, it represents a reasonable type of argumentative discussion which has some tendency to seek out the truth of a matter, or at least to have the truth somehow emerge from the discussion, and is based on information about the relevant facts, and leads to prudent decisions based on this information." (Walton 1998, 224)

My assumption was that an incremental privatization of the public sphere is based on decision-making processes with arguments which do not make their political premises explicit but use apolitical rhetoric and soft forms of corruption instead. As for corruption, I don't have hard evidence to show, nor were my research tools tuned to look for any. "The premises that are plausible are the most important to rhetoric. They often contain value judgements like 'We must strive for peace." The super-arguments were either value-based instead of fact-based, or ideological but with a concealed premise, or facts-based but with suppressed evidence. The arguments were merely rhetorical with the sole aim of convincing "a particular audience of the correctness of a standpoint" and their validity was based on persuasiveness (van Eemeren et al 1996, 32, 44). As a result, a piece of public infrastructure and its management wasn't just privatized; in addition, the urban public space was flooded with advertisement. The public sphere was narrowed down.

Part d

Conclusions

7 The privatization process of the urban public sphere: an emerging pattern

7.1 Overview

The search for a process description started with the research question (1.7): Through what kind of process have economic globalization and financialization contributed to the privatization of the urban public sphere since the 1980s? How? Two of the working hypotheses assumed that economic globalization and financialization have direct impacts on cities, and that local public services and infrastructure is increasingly being provided by global private companies. The secondary question asked for the winning arguments in the political decision-making process. It was assumed that many of the arguments would be fallacies and more ideological than factual.

The contemporary urban condition was analyzed in part A, the conceptual and theoretical framework was constructed in part B, and the empirical data described and analysed in part C of this thesis. The following process description has emerged from this material. The process outline proceeds from broader framework conditions to more local details.

The 30-step description can be read as if it were a checklist for a citizen or any stakeholder who poses the question: What does it take to get a public service or piece of infrastructure in my city under the ownership and/or control of a multinational shareholder company? Figures in parentheses refer to previous chapters, where the specific issues have been mentioned or elaborated.

7.2 Enabling institutional environment

1. At the global level, the dismantling of **international trade** barriers for products and services, and the introduction of requirements for competitive tendering for outsourced public services. A clear, or sufficiently unclear, legal framework defining the notions of public service and public interest. (4.2.2, 4.2.3)
2. At the global level, **liberalized financial markets and stock markets** as well as the availability of liquid assets looking for reasonably secure middle-to-long-term investment possibilities. (4.4.1)
3. At the global, national and local levels, New Public Management (NPM) or a similar management doctrine as well as privatization as mainstream **governance and organizational development models**. The availability of multinational consulting firms with supporting advice. (1.4.1, 1.4.2, 1.4.3, 1.5.2, 4.4.2)
4. At the global and regional levels, decentralization as policy recommendations, and at the national level, decentralization as legislative reform and practical implementation, which increases the scope of independent decision-making of local authorities. (3.3.2)
5. At the city level, a **disintegrated governance structure**, lack of a strong strategic overall vision and cross-departmental cooperation. (Had the departments in Helsinki cooperated better and come up with good solutions earlier, the Company would not have found its window of opportunity. Had efficient systems of governance been in place, a contract could not have been approved without competitive tendering and transparent economic calculations.)

7.3 Changing ownership and governance of the public and private companies involved

6. **The corporatization** of municipal utilities, due to NPM requirements for 'accounting', which allows the utilities to distance themselves from the overall strategies of the city, insofar as they exist. (4.4.3, 4.4.4)

7. As the next step after corporatization, the transformation of the publicly-owned corporation (or cooperative) into a **shareholder company,** which decreases the transparency of the governance and increases the independence of the company from the city, even if the shares are still owned by the municipality. (This typically occurs in municipal energy and water utilities, e.g. Espoon Sähkö, 5.1.)

8. **Public listing** of the publicly-owned company, selling part or all of its shares to another shareholder company or a company merger. (E.g. Eaux General – Vivendi – Universal and Espoon Sähkö – E.ON, 5.1)

9. Expanding the shareholder company into a **global company** by buying local, public or private companies which operate in the same or somewhat related field (see points 11 and 12) in other countries, companies with a locally established reputation and network of clients. (E.g. Linjebuss, Vivendi, JCD, 5.1, 5.3.1)

7.4 The selection of the sector of private operation in the local public sphere

10. **Focusing** the company's field of operation on basic public services and infrastructure (water, wastewater, waste, energy, transport, education, housing/urban regeneration, hospitals, defense, prisons), primarily 'natural monopolies'. Reversal of Sclar's rule number one: "Carefully specify the product and the service rendered. Many public sector products have social components to them." Any social component that might be included shall be taken out. (1.4.3) In the case study, the bus shelter is also a symbol of public transport itself, an invitation to use it.

11. **Expanding** the field of operation into other public or private services, which are more profitable (JCD: advertising – street furniture, Vivendi: water to public transport, waste – and for a limited period of time, entertainment.)

7.5 Private sector pricing of the public service or infrastructure to be provided

12. At the national and local levels, securing public – either overt or hidden - **subsidies** for the provision of basic services, either through the citizen, e.g. 'subsidies for the poor' who pay for the service, or through in-kind contributions. In the Helsinki bus shelter case, one of the hidden subsidies is that the city gets no reimbursement for the lease of space for advertisement panels. (4.4.2)

13. **Externalization of true costs and minimization of entrepreneurial risks** as far as possible, in addition to subsidies e.g. through public securities, by requesting payments in hard currencies in developing countries and transitional economies, and by focusing on the core business/service, while leaving supporting services and servicing the margins (e.g. the poor citizen or poor neighborhoods) to the public sector. Remembering Sclar's rules (1.4.3), it is not easy to calculate the actual cost of providing a service. There can be no comparison between in-house work and outsourced work unless there is a reliable accounting of what it costs to provide a service. It is not in the interest of a private company to mention transaction costs, which can be a considerable amount and which must be addressed when figuring out the costs of privatization. Also, there will always have to be public management of the private provider, but that does not necessarily appear in the figures. In the Helsinki case, it was difficult to estimate the real costs – including the continuing the energy costs as well as the cleaning costs even if there would be no bus or tram stop any more.

7.6 Establishment of credibility and local networks for the private company

14. Entering the market under the cover of a **locally recognized name** instead of trying to establish its own operations. (5.3.1)

15. **Branding the name of the multinational** company locally in the countries where operations are planned through "hosting lavish parties", "sponsoring cultural events," for example. In the Helsinki case, groups of councilors were invited to individual information sharing events and customized advertising material was distributed. There is no further evidence available.

16. At the global and regional levels, securing **visibility and networking** through a proactive presence and/or lobbying at international meetings and conferences of professionals and national and local governments, where access to basic services is discussed. "Stakeholder participation", "private sector participation", "co-organizing", "Mayor X as a keynote speaker".

17. **Contacting mayors of key cities** at the above-mentioned occasions or directly in countries and regions where the company wants to expand its operations. An approach could be something like this: "You and your city X are the trendsetter in your country and region. We'll organize an excursion for you to visit benchmark locations in attractive places, cities which use our services."

18. Contacting **mayors of secondary cities** in countries where the company wants to expand its operations. "Hundreds of important European cities are already using our services." (4.5.3, 4.5.4)

19. Contacting key **civil servants and political groups** to establish the company's name, create a sense of familiarity and trustworthiness – and to make the people feel important. "We'd like to invite you to see our production plant in Paris." (4.5.3, 4.5.4)

7.7 Support for decision-making in the local public sphere

20. Making certain that the company can count on the **mayor's or other decision-maker's commitment** if, whoever that is, she or he has real power. Finding the "veto-player". (2.6.3, 5.1, 6.8)

21. Providing the decision-maker(s) with appropriate **arguments** to address local politicians (city council) and local press, tailoring some of the arguments to fit the particular time and place (4.4.4, 6.2, 6.7)

22. Reducing the public decision process to a minimum by cutting the **process** to as short as is acceptable and the number of stakeholders to as small as possible. Reducing risks by securing a long-term monopoly, which newly elected governments cannot reverse in the future. In the Helsinki case, a 15-year contract with the possibility to prolong it. (4.4.4)

7.8 The super-arguments – speaking points for power

23. Universal argument: **Efficiency**, **avoiding bureaucracy**, less red tape. (4.4.4, 6.3, 6.7)

24. Universal argument: **Economical gain**, "reduce the financial drain on the public sector". In the Helsinki case, "without any reimbursement", "gratis", "savings in expenses". (4.4.4, 6.2, 6.3, 6.7)

25. Universal or local argument appealing to **basic human values**, ideals or needs such as 'environmental sustainability', 'security', 'beauty', 'employment'. (2.6.3, 6.2, 6.3, 6.7)

26. **Local arguments**, somehow fitting the temporal, physical or political context. In the Helsinki case, the balance between "domestic" versus "European", and "Helsinki as an important European city". (6.2, 6.3)

27. **International benchmarks**. In the Helsinki case, London and Paris were used as benchmarks, as well as "750 of the most important European cities". (6.2, 6.3)

7.9 Public relations efforts by a multinational to secure continuity

28. Careful adaptation of methods of **corruption and gratuities** to local culture. (4.5.3, 4.5.4)

29. Cultivation of long-term **personal business friendships** – so that a golf tour or a dinner now and then cannot be interpreted as corruption, only as a meeting among friends and exchanging of views on the state of the world, among colleagues and experts, which will facilitate an exchange of favours among friends. (4.5.3, 4.5.4)

30. Maintaining visibility and **presence in the local society**: e.g. by organizing competitions, or by sponsoring causes, which are regarded as positive by the target groups, such as sports or art exhibitions, where it is possible to invite customers and organize company events.

7.10 Conclusions for the urban public sphere

Has the research confirmed my working hypothesis (1.7)?

1. Economic globalization and financialization have direct impacts on cities.

Yes, the globalization of the economy, with financialization as one of its characteristics after the 1980s, has a direct impact on cities. Global companies look for growth in global markets, and efficiency in global production and logistics chains, and they require globally available business-to-business services, which are mostly located in cities.

2. Public goods, and local services and infrastructure are being outsourced and privatized and will be increasingly provided by the global private sector.

Yes, because cities are, according to NPM, mimicking the private sector and using private sector strategies such as outsourcing to minimize the public sector. From the private sector point of view, basic local services offer a new opportunity for growth with relatively small financial risks, because the public sector has to secure the provision of certain services, and if necessary, subsidize them.

3. Since the 1980s, the patterns of these privatization processes have many similar features regardless of the substance of the particular service, be it, for example water, electricity, telecommunications, transport or waste, and regardless of the location of the city, be it in the industrialized or in the developing world.

Yes, because of the 'economy of scale', because of the repetitive nature of providing the same service in several cities, and because of the unifying nature of global trade rules, growing global makes sense for companies producing public services. The basic services, in most cases, already exist in the cities in some form, which offers the multinational companies the opportunity to expand by purchasing existing local private companies or public utilities.

4. New Public Management and a neoliberal political agenda have been the main drivers of these privatization processes, however not as an explicit premise of arguments, which are often fallacies.

Yes, the argumentation analysis shows that the neoliberal agenda, which becomes visible in the vocabulary of NPM, has been broadly accepted as the only alternative. To a large extent, the winning arguments, the superarguments, have been 'saleman's arguments' or other fallacies.

5. Urban space is the most tangible arena of the urban public sphere, and also reflects changes taking place in the invisible layers of public sphere.

Yes, even if physical urban space is only one layer of the urban public sphere, its development is not separate from developments in the political sphere, in media and in the production process of public services. As the bus shelter case shows, the decision in the political sphere leads to a visually perceivable change – even if the decision was about privatization, not about design. The main point is not how the bus shelters look but that their ownerships has changed hands.

If the global and regional institutional frameworks are in place, meaning the enabling environment of legislation and financial markets, and if mainstreaming of neo-liberal ideology has reached the point of apolitical managerial doctrine which is to be taken for granted, it is possible for multinational companies to penetrate the urban public sphere directly, without any national or other barriers. In addition, it requires, however, a carefully planned chain of impact management, which looks for the most important entry points into the public decision-making process at the local level. The impact has to be made both in the visible urban space and media through advertisement and company logos, in the public life through sponsoring, socializing and networking, and in the political sphere through soft or hard corruption and the selection of arguments.

Seen from this perspective, not only the global but also the urban public sphere is *one*, only with several layers, some of which are more visible than the others, but none is independent of the other. In order to succeed, the very same process of privatization, under the influence of economic globalization, has to have a presence in all the different layers simultaneously, and for that purpose it will have to appear in different guises depending on the context.

What is the difference between the contemporary glocalized urban public sphere and the *agora*, the marketplace of the Antiquity? In the *agora*, the private issues remained in the *oikos*, and only the common issues of the *polis* were debated in public. The difference is that in the *agora* the public debate and the common issues were both local and the decisions were made locally, in public. Now, however, an increasing number of decisions on our local public issues are taken at the global level, in both public and private spheres, be it behind the closed doors of multilateral institutions or private shareholder companies. What is left in the contemporary *polis*? Which common issues and what to decide? Choosing between one or two multinationals? A competition between which company will sponsor sports and which one will donate to culture?

The organizational demarcation line between the public and the private sectors is by no means clear-cut any more. On the contrary, it is a vast grey zone of different degrees of privatization, based on contracts that are made between the partners for different periods of time, ranging from the procurement of goods and services, and the leasing of infrastructure, to outsourcing, the corporatization of public utilities and sell-out. Cities are faced with questions like the following:

– Why does an organization decide that it won't do something itself?
– Why does an organization decide that it will sell a part of its production line to someone else?
– Where is the demarcation line between citizen and shareholder, what does it mean politically?
– How is ownership defined, and what does it mean for the accountability of an organization?
– What are the systems of governance and processes of decision-making in organizations crossing the line between public and private?
– What does it mean that cities are location-bound but most firms are immune to location?
– How will equal access to services or other publicly-agreed criteria like sustainability be guaranteed?

The answers will require political debates, value and facts based arguments, explicit ideological premises and public decision-making processes which take place in the public sphere.

Postcript

8 Reading cities as political text

8.1 Reading cities

***Figure** 8: View from a pedestrian overpass*

"If the City is a text, how shall we read it?" was Joyce Carol Oates' fundamental question (1.5.3). Would it be possible to develop Lynch's theory further, beyond the physical urban space? As noted, one of Oriol Bohigas' criteria for the public space is legibility: it has to be easily readable and comprehensible. The interpretation of a city and of public space is political, and a city can only exist as a site of the public sphere. (3.2.3),

Let us assume that cities as physical, institutional and functional structures have been built up as the outcome of a great number of public decision-making processes. It should be possible to trace back the processes, and decipher the arguments and political premises that drove the urban development as was done in the previous case study. Countless private decisions were certainly made, too, but most of them were passed through a filter of public scrutiny. The political premises cannot have disappeared without leaving a trace, but it will be possible to detect them. That is my initial theory about reading cities as political text.

It struck me once, as I stood on a pedestrian overpass high above a 10-lane street in one of the metropolises of the world. There were bus stops on both sides, between the lanes. I could imagine how the Mayor would give talks in international conferences, talking about the well functioning public transport system and the sustainable development principles guiding the urban planning of the major capital.

However, to cross the street, pedestrians had to climb up steep steps, at least two stories high. And to get to the narrow islands of the bus stops between traffic lanes, they had to climb down to the street level again. The bus stops were so narrow and crowded that in order to pass another person one had to step off the island onto the road where private cars were passing at high speed.[130]

No one needed to explain the principles that had guided the decision making. Whatever the arguments had been, the premises were not concealed any more. There they were, cast in asphalt and concrete. The public and the private interests were joined in an unholy matrimony. From the reality one could decipher a totally different story than the official one. It was like an epiphany: one could read the city like a text, like a transcript of the political decisions that had been made to build the city.

---

130 The description is based on notes made during a visit in a capital city in the Spring of 2005. For the sake of my argument, the name of the city does not matter, because similar phenomena can be observed in cities all over the world.

It was easy to read the political value system in a foreign country. It may be more difficult to decipher it in some European cities, where the domination of the private car is less aggressive. The global automobile industry, just to give an example, created so much employment during the early years of industrialization of countries that we are somewhat blind to how it still guides public decision-making in land use, housing, mobility planning, road infrastructure and energy issues today.

Langhorne has analyzed the consequences of the active role of governments both under communism and fascism. While the ideological consequences have been dealt with, "[t]he physical and architectural consequences are very much still to be seen. […] It is not surprising that there was a temporal connection between the opening of the greatest period of state authority and the rebuilding of capital cities. The habit started in the eighteenth century with St. Petersburg, followed by Washington. Both sought to give an air of permanence to a state which was in fact under construction". (Langhorne 2001, 52–53) This is the same reading that one also gets in the capitals of developing countries and economies in transition now.

Assuming that urban development is the result of a political decision-making process – or lack thereof – it is possible to interpret cities as a reflection of that process. Cities can be read as political text.

8.2 Local foreign policy, no paradox

For cities, **globalization** means new challenges. World trade liberalization, among other things, turns global companies into providers of local public services. The public, the private and 'the third' sector are constantly redefining their roles. Who does what? How can the priority task of the public sector, securing equity, be balanced with the core requirement of the private sector, maximizing shareholder value? What can be covered by corporate social responsibility? What needs to be regulated and by whom?

Even improved public governance and corporate social responsibility will not suffice. While the complexity and scale of the tasks and the group of actors grow, the planning and decision making processes will have to develop accordingly. The number of stakeholders has multiplied from the days of the *polis* in Athens and the public sphere of the bourgeois society. Issues have become more multifaceted than they were when our present decision-making processes were put in place.

One of the guises of globalization is **glocalization**. Supranational institutions overshadow the decision-making of nation states. Most of the financial decisions that have a fundamental impact on our lives are made in a few capitals. At the same time, we've come to view local governments in a new light. In a global operating environment, cities and regions rather than states compete with each other to attract companies and institutions to settle on their soil and bring employment and prosperity. "Competition – between individuals, between firms, between territorial entities (cities, regions, nations, regional groupings) – is held to be a primary virtue." (Harvey 2005, 65) This interpretation also puts the competition between cities into the context of neoliberalism. Productive and, eventually, also financial investments target specific locations, whether it means a service, a factory, a power plant or a research institute. Of course, the prerequisites created by national legislation, including stipulations for controlling the movement of capital, taxation, workers' rights or health care, are evaluated prior to the choice of site. However, what the newcomer ultimately wants to know is, for example: Is the local public traffic reliable? Can I drink the water? Are the streets safe? The local and the global are forever inseparably intertwined.

Basic needs will have to be fulfilled all over the world every day. It is the duty of the public sector to provide access to basic services for all. This means delivering, among others, water, energy, public transport, health, education, telecommunications and access to information to citizens wherever they live.

The markets for basic services are global and rather stable. The poorest people in the world also need them. Even in the case where they'are not able to pay for them, the public sector will have to subsidize them to some degree. Thus, there are investors who are interested in global companies providing public goods that are transformed into local service products.

Today, the processes and argumentation leading to the **privatization of basic public services** follow similar patterns regardless of the substance of the service, even regardless of the location of the city, whether it is in the developed or in the developing world. The reason for this similarity is that the services remain essentially the same, be they in Tikkurila or Timbuktu. Also, global companies function under the same framework conditions all over the world.

A European city cannot be outsourced to China because of a cheaper labour force, neither can a Siberian municipality relocate to the Caribbean to enjoy a warmer climate and save energy. The intrinsic **difference in the roles of the public and the private sectors** is that the goal of the private sector is to create profits, whereas the duty of the public sector is to secure equal access to basic services for all. The private sector is focussed on shareholder value and paying customers as consumers and it is active where the infrastructure grids can be fully exploited. The public sector has to be transparent in its decision making, treat its citizens equally, and serve the marginal ends of the pipelines, as well. This raises the question of whether privatizing the provision of public services unavoidably leads to inequity. Privatized services will not reach to the margins, unless the public sector secures the equity. In doing so it in fact subsidizes the private providers, not just the poor. Instead of "There Is No Alternative", There Must Be Alternatives. Most likely the current global financial crisis will also call for the replacement of New Public Management with fresh thinking. The recent renewed interest in old Keynesian principles may be one sign of this.

A frequently heard argument is that it is up to the public sector to take care of the poor. This, however, can lead to a market of second-class services subsidized by the public sector, and first-class services paid by those who can afford them. If Corporate Social Responsibility (CSR) lived up to the highest expectations, it would mean that the private sector would service the marginalized, too. Global corporations would cross-subsidize the less profitable markets with the profits gained from the most profitable areas. Subsequently, depending on the pricing, dividends to shareholders might decrease. However, it is difficult to argue why a corporation should have a conscience, since according to economists from Adam Smith to Milton Friedman, "the true and only social responsibilities of business organizations are to make profits and obey the laws. […] The common good is best served when each of us […] pursue not the common good or moral purpose but […] competitive advantage". John Kenneth Galbraith sees it differently: "The regulatory hands of the law and the political process rather than the invisible hand of the marketplace turn these [rational and economic] objectives to the common good". (Goodpaster and Matthews Jr. 1982, 2003)

Only ten years ago, to talk about the '**foreign policy of a city**' amounted almost to treason. That is solely the responsibility of nation states, went the argument. The world has changed rapidly and today many metropolises have Deputy Mayors in charge of an international affairs portfolio – Paris and Sao Paulo as examples. As a first step, in Europe many active cities and regions have their 'embassy' in Brussels. They want to be heard at the European Commission, and be close to the funding mechanisms of the EU. Municipal international cooperation is not only limited to 'twinning' between cities of North and South or, for instance, 'city-to-city cooperation' (C2C) that originated in the Cold War years between West European and Soviet cities.

What has been considered "cities' international affairs" until now is merely marketing. It resembles a beauty competition of cities and regions, where real estate, tourism and information departments promote their cities. They each try to lure major events or more long-term investments to their home turf. This is not what is meant here by 'urban foreign policy', which will have to grow beyond municipal public relations and will have to have political impact.

World trade has been regarded an intergovernmental issue. Yet most cities were born around *agoras*, marketplaces. Employment, commerce, industry, subsidies, taxation, production patterns, transport and logistics are also local issues. The provision of public services by global companies is a case in point. But have local governments been invited to the General Agreement on Trade in Services (GATS) negotiations? You know the answer by now. Urban foreign policy is needed so that the local public and the global private sector can sit at the same table as equals. That does not necessarily mean that every city has to have its own global affairs office. National local government associations can take this role collectively.

8.3 The local public sphere – why bother?

Who does *not* need the public sphere? Dictators and military regimes, for one, only need public space to demonstrate their power. They need a public sphere with limited access. For citizens, they call for curfews: stay out of the public space, remain in private, stay in isolation.

In the English language, by the end of the 17th century "'public' meant open to the scrutiny of anyone, whereas 'private' meant a sheltered region of life defined by one's family and friends." Where is the open space for decision-making about the commons and basic services, the contemporary *polis*? This is the key question and the reason for the obsession with the public sphere. No doubt, this is a political question.

If we accept the premise that there is a common good to be shared among people – not just an infinite or finite amount of private goods – there has to be an open space where decisions are made about sharing and taking care of the commons. The concept of curfew illustrates the point: under a dictatorship people are not allowed to meet freely, politics closes the public space. The other extreme is that you cannot organize a political demonstration in "the Main Street" of a shopping mall. It is a private space, public only so far as it is accessible to most people for a limited time. Sometimes only 'la rue' remains open.

While we can keep seeing streets, parks and market squares as quintessential public spaces, we should also understand a threefold paradigm shift that has occurred since the bourgeois public sphere. We have moved from the age of horse carriages and street riots to the era of also virtual portals and websites, from a purely public sphere – if it ever existed – to a fuzzy mix of public and private spheres, and from a local place to a globalized sphere. It is not possible to neglect one or the other any more, but they have to be seen as a single public sphere with multiple, and also private and intimate layers. This is the sphere of being public, which we'll have to keep opening up so that it will be truly accessible for all. It must be used as a platform for open dialogue and participatory decision-making processes about common goods. Reading the city as a political text would mean being able to decipher the socio-economic and power-driven characteristics of each one of these layers of public sphere.

Annexes and Literature

9 Annexes

9.1 Annex 1: Acronyms

- BPI, Bribe Payers' Index
- CSR, Corporate Social Responsibility
- CCT, Compulsory competitive tendering
- CEO, Chief Executive Officer
- CNN, Cable News Network
- CSO, Civil Society Organization
- EC, European Commission
- ECJ, European Court of Justice
- EU, European Union
- EVA, Finnish Business and Policy Forum
- FWA, Financing Water for All
- GATS, General Agreement on Trade in Services
- GATT, General Agreement on Tariffs and Trade
- GLC, Greater London Council
- GTI, Great Transformation Initiative
- GWP, Global Water Partnership
- ICLEI, ICLEI – Local Governments for Sustainability (formerly the International Council for Local Environmental Initiatives)
- ICT, Information and communication technology

- IFIs, International Financial Institutions
- IMF, International Monetary Fund
- MIT, Massachusetts Institute of Technology
- NGO, Non–Governmental Organization
- NPM, New Public Management
- OECD, Organisation for Economic Cooperation and Development
- PPA, Progressive Public Administration
- PPP, Public–Private Partnership
- PR, Public Relations
- SOE, State Owned Enterprise
- TI, Transparency International
- TINA, "There Is No Alternative"
- UCLG, United Cities and Local Governments
- UN, United Nations
- UNCED, United Nations Conference on Environment and Development
- WB, World Bank
- WTO, World Trade Organization
- WWF, World Water Forum
- YLE, Finnish Public Broadcasting Company

9.2 Annex 2: A Privatization Glossary

- BOT, BTO, BOO[131]
  - With Build-Transfer-Operate (BOT) arrangements, the private sector designs, finances, builds, and operates the facility over the life of the contract. At the end of this period, ownership reverts to the government.
  - A variation of this is the Build-Transfer-Operate (BTO) model, under which title transfers to the government at the time construction is completed.
  - With Build-Own-Operate (BOO) arrangements, the private sector retains permanent ownership and operates the facility on contract.

131 http://www.privatization.org/ [24.2.2005]

- Commercialization (Finnish: liikelaitostaminen)
- Common good.[132] A public good is an actual good or service while the common good is an ethical–moral–political–economic concept.
- Competitive contracting (CCT) (Finnish: kilpailuttaminen)
- Concession.[133] Concessions, as well as Build-Operate-Transfer (BOT) contracts, often used for the privatization of infrastructure sectors with monopolistic characteristics.
- Contracting out.[134] (See also 'outsourcing' and 'subcontracting'.) Contracting out is the hiring of private-sector firms or nonprofit organizations to provide goods or services for the government. Under this approach, the government remains the financier and has management and policy control over the type and quality of goods or services to be provided. Thus, the government can replace contractors that do not perform well. (Finnish: ostopalvelu)
- Corporate Social Responsibility (CSR).[135] Also called corporate responsibility, corporate citizenship, responsible business and corporate social opportunity, is a concept whereby organizations consider the interests of society by taking responsibility for the impact of their activities on customers, suppliers, employees, shareholders, communities and other stakeholders, as well as the environment. This obligation is seen to extend beyond the statutory obligation to comply with legislation and sees organizations voluntarily taking further steps to improve the quality of life for employees and their families as well as for the local community and society at large. The practice of CSR is subject to much debate and criticism. Proponents argue that there is a strong business case for CSR, in that corporations benefit in multiple ways by operating with a perspective broader and longer than their own immediate, short-term profits. Critics argue

[132] Durano, Marina Fe B (2001) *Understanding global public goods and differentiating them from publicly provided goods*, article at www.dawn.org.fj/global/unconferences/ffd/ffddocs/globalgoods.doc [5.8.2005]

[133] Guislain 1997, 10

[134] http://www.privatization.org/ [24.2.2005]

[135] http://en.wikipedia.org/wiki/Corporate_social_responsibility [1.8.2008]

that CSR distracts from the fundamental economic role of businesses; others argue that it is nothing more than superficial window-dressing; still others argue that it is an attempt to pre-empt the role of governments as a watchdog over powerful multinational corporations. (Finnish: yritysten yhteiskuntavastuu)

- Corporatization.[136] Government organizations are reorganized along business lines. Typically they are required to pay taxes, raise capital on the market (with no government backing-explicit or implicit), and operate according to commercial principles. Government corporations focus on maximizing profits and achieving a favorable return on investment. They are freed from government procurement, personnel and budget systems. (Finnish: yhtiöittäminen)
- Lease of state-owned enterprise, equipment or assets, including lease-and-operate or *affermage* contracts in the infrastructure sectors.[137] If the lease includes an option to buy, the operation could be regarded as a divestiture.
- Management contracts[138], which may or may not be performance-based. In these cases there is a temporary transfer of management responsibility without transfer of ownership or real transfer of control.
- Outsourcing.[139] (See also 'contracting out' or 'subcontracting' Under outsourcing, a government entity remains fully responsible for the provision of affected services and maintains control over management decisions, while another entity operates the function or performs the service. This approach includes contracting out, the granting of franchises to private firms, and the use of volunteers to deliver public services.
- Public Private Partnership[140] (PPP). A public–private partnership, sometimes referred to as a joint venture (company), is a contractual arrangement formed between public- and private-

---

136 http://www.privatization.org/ [24.2.2005]
137 Guislain, 1997, 10
138 Guislain, 1997, 10
139 http://www.privatization.org/ [24.2.2005]
140 http://www.privatization.org/ [24.2.2005]

sector partners that can include a variety of activities that involve the private sector in the development, financing, ownership, and operation of a public facility or service. It typically includes infrastructure projects and/or facilities. In such a partnership, public and private resources are pooled and responsibilities divided so that the partners' efforts complement one another. Typically, each partner shares in income resulting from the partnership in direct proportion to the partner's investment. Such a venture, while a contractual arrangement, differs from typical service contracting in that the privatesector partner usually makes a substantial cash, at-risk, equity investment in the project, and the public sector gains access to new revenue or service delivery capacity without having to pay the privatesector partner. Leasing arrangements can be used to facilitate public–private partnerships. (Finnish: kumppanuushanke)

- Private.[141] Etymology: in Latin *privare*, to deprive or take away. C. 1380, from L. privatus "set apart, belonging to oneself" (not to the state), used in contrast to publicus, communis; originally pp. stem of privare "to separate, deprive," from privus "one's own, individual," from Old L. pri "before." Replaced O.E. syndrig. Grew popular 17c. as a preferred alternative to the snobbish overtones in common. Meaning "not open to the public" is from 1398. Of persons, "not holding public office" it is recorded from 1432. Private soldier "one below the rank of a non-commissioned officer" is from 1579. Private parts "the pudenda" is from 1785. Private enterprise first recorded 1844. Privacy is first recorded c.1450. Privatization is attested from 1959; privatize first recorded 1968.
- Privatization.[142] (Finnish: yksityistäminen)
  - Privatization is the transfer of assets or service delivery from the government to the private sector. Privatization runs a very broad range, sometimes leaving very little government involvement, and other times creating partnerships between

[141] Online Etymology Dictionary http://www.etymonline.com/index.php?l=p&p=31 [24.2.2005]

[142] http://www.privatization.org/; http://www.usaid.gov/our_work/economic_growth_and_trade/eg/privatization_reports.htm; http://rru.worldbank.org/Toolkits/ [24.2.2005] Guislain 1997, 10

government and private service providers where government is still the dominant player.

– Merely defining ”privatization” is difficult. In its purest form, the term refers to the shifting of the production of a good or the provision of a service from the government to the private sector, often by selling government-owned assets. Clinton Administration officials took this rather narrow view. ”When we talk about privati-zation, we don't mean contracting out,” said Elaine Kamarck, who headed Gore's National Performance Review. ”We mean purely divesting the government function.”

– Most definitions of privatization, though, are more expansive, covering virtually any action that involves exposing the ope-rations of government to the pressures of the commercial marketplace. That would include everything from contracting out janitorial services at a federal building to selling off the Naval Petroleum Reserve.

– The broader definition of privatization also includes a wide range of public–private partnerships, such as voucher systems. Even the creation of federal corporations, quasi-governmental organizations and government-sponsored enterprises is often filed under the general category of privatization. In such organizations, though, it is often difficult to tell where government ends and the private sector begins.

– Privatization, broadly defined, includes any measure that results in the temporary transfer to the private sector of activities exercised until then by a public agency. Such a definition therefore also covers: Subcontracting, whereby the public agency that previously conducted the activity now subcontracts its execution to a private party; this subcontracting can cover an entire public service, such as trash collection, or only part of the activity, such as water or electricity meter reading and billing.

- Public utility.[143] A government-regulated company that provides an essential public service such as water, gas, or electricity. (Finnish: kunnallinen/julkisessa hallinnassa oleva liikelaitos)
- Subcontracting[144], whereby the public agency that previously conducted the activity now subcontracts its execution to a private party. This subcontracting can cover an entire public service, such as trash collection, or only part of the activity, such as water or electricity meter reading and billing (Finnish: ulkoistaminen, rakentamisessa 'teettäminen alaurakkana')
- User fee.[145] User fees require those who use a government service to pay some or all of the cost of the service, rather than having the government pay for it through revenues generated by taxes. The fees charged for entry into public parks are an example of a user fee. (Finnish: käyttömaksu)
- Vouchers.[146] Vouchers are government financial subsidies given to individuals for the purchase of specific goods or services from the private or public sector. The government gives individuals redeemable certificates or vouchers to purchase the service on the open market. Under this approach, the government relies on market competition for cost control and on individual citizens to seek out quality goods or services. The government's financial obligation to the recipient is limited to the amount of the voucher. One form of voucher is a federal grant given to a state or local government, which then may use the funds to buy services from the private sector. (Finnish: palvelusetelit)

9.3 Annex 3: Empirical material for chapter 4.3.2 (Private organizations as a public partner)

Astley, W. Graham and Andrew H. Van de Ven (1983) "Central Perspectives and Debates in Organization Theory". *Administrative Science Quarterly*, 28 (1983): 245–273

---

143 Encarta Dictionary: English North America
144 Guislain, 1997, 10
145 http://www.privatization.org/ [24.2.2005]
146 http://www.privatization.org/ [24.2.2005]

Calás, Martha B. and Linda Smircich (1999) "Past Postmodernism? Reflections and tentative directions", *Academy of Management Review* 1999, Vol. 24. No. 4. 649–671

D'Aunno, Thomas, Melissa Succi and Jeffrey A. Alexander (2000) "The Role of Institutional and Market Forces in Divergent Organizational Change." *Administrative Scinece Quarterly 45, 679–743*

DiMaggio, Paul J. (1995) "Comments on 'What Theory is *Not*'", *ASQ*, September 1995

Djelic Marie-Laure and Antti Ainamo (1999) "Coevolution of New Organizational Forms in the Fashion Industry: A Historical and Comparative Study of France, Italy, and the United States". *Organization Science* / Vol. 10, No. 5, September–October 1999

Katila, Seija and Susan Meriläinen (2002) "Self in research – Hopelessly entangled in the gendered organizational culture" in *Gender, Identity and the Culture of Organizations*, pp. 185–201. London: Routledge

Kieser, Alfred (1994) "Why Organization Theory Needs Historical Analyses – And How This Should Be Performed". *Organization Science* / Vol. 5, No. 4, November 1994

Laurila, Juha and Minna Ropponen (2003) "Institutional Conditioning of Foreign Expansion: Some Evidence from Finnish-Based Paper Industry Firms, 1994–2000" *Journal of Management Studies 40:3 May 2003*

March, James and Robert Sutton (1997) "Organizational Performance as a Dependent Variable", *Organization*, 8, pp. 698–710

Mizruchi, Mark S. and Lisa C. Fein (1999) "The Social Construction of Organizational Knowledge: A Study of the Uses of Coercive, Mimetic, and Normative Isomorphism." *ASQ*, December 1999

Morris, Michael W. and Kaiping Peng (1994) "Culture and Cause: American and Chinese Attributions for Social and Physical Events", *Journal of Personality and Social Psychology, 1994, Vol. 67, No. 6, 949–971*

Orlikowski, Wanda J. (2000) "Using Technology and Constituting Structures: A Practical Lens for Studying Technology in Organizations", *Organization Science*, 11, pp. 404–428.

Seo, Myeong-Gu and Douglas Creed (2002) "Institutional Contradictions, Praxis and Institutional Change: A Dialectical Perspective", *Academy of Management Review* 27, pp. 222–247

Sherer, Peter and Kyungmook Lee (2002) "Institutional Change in Large Law Firms: A Resource Dependency and Institutional Perspective". *Academy of Management Journal* 45, 102–119

Sutton, Robert I. and Barry M. Staw (1995) "*What Theory is Not*", *Administrative Science Quarterly (ASQ)* 40/1995

Tainio, Risto (1980) *Structural realism – an alternative approach for the development of organizational theory*. Working papers F-6, Helsinki School of Economics

Tainio, Risto and Paul Shrivastava (1990) *On the Dynamics of Research Practice*. A handout for discussion at the workshop on History and Management, Mustio.

Tainio, Risto and Kari Lilja (2003) "The Finnish Business System in Transition: Outcomes, Actors and their Influence" in Barbara Czarniawska & Guje Sevón (editors) *Northern Lights – Organization Theory in Scandinavia*, pp. 69–87. Location not available. LiberAbstract

Tsoukas, Haridimos (1989) "The Validity of Idiographic Research Explanations." *Academy of Management Review*, 1989, Vol. 14, No. 4, 551–561

Weick, Karl E. (1989) "Theory Construction as Disciplined Imagination." *Academy of Management Review*. 1989. Vol. 14 No. 4.

Weick, Karl E. (1995) "What Theory is *Not*, Theorizing *Is*", *ASQ*, September 1995

Whitley, Richard (2003) "From the Search for Universal Correlations to the Institutional Structuring of Economic Organization and Change: The Development and Future of Organization Studies", *ORGANIZATION articles*, Volume 10(3): 481–501, Sage Publications

9.4 Annex 4: Empirical material used in the case study

To compile the facts for the chronology and the debate concerning the case, all the public documents have been used (letters to the city, statements of various municipal departments, City Board and City Council agendas, and the debate in the city council), as well as contemporary press clippings. The agenda item with its annexes and the complete written record of the city council debate are the empirical material for the argumentation analysis. One 'deep' interview complements the storyline. A more recent report by the Building Control Department on outdoor advertising sheds additional light on both the history and the outcomes. Websites offer information about the companies that were involved. Recent photographs of urban public space, in particular of bus shelters and buses in Helsinki and elsewhere, could be classified as additional field notes of urban ethnography.

9.4.1 Public documents

- Agenda Item 6-1991 of the Helsinki City Council meeting: Cooperation between Maximedia Ltd. and the City of Helsinki as regards to outdoor advertising equipment and street furniture (the file also includes the comments provided by various city departments and their political commissions, as requested by the City Hall)
- Discussion minutes of the 17 April 1991 City Council meeting
- Helsingin kunnalliskalenteri 1991

9.4.2 Media texts (in chronological order)

- <u>Helsingin kaupunki tiedottaa</u>, 1990 (City of Helsinki informs, magazine format, delivered to every household), "Itämeren Tuhkimo" (The Cinderella of the Baltic Sea), and "Ilaskivi käynnistää raivaustraktorinsa" (Ilaskivi turns on his Caterpillar)
- <u>Uusi Suomi</u> (US) 12.2.1991, "Helsinkiin harkitaan ranskalaisia kalusteita, Eri lautakunnat ovat edelleen tyytymättömiä sopimustarjoukseen" (Helsinki considers French furniture, Various commissions still not satisfied with the offered contract)

– Ilta–Sanomat (IS) (n/a 1991, before the City Council meeting on 17.4.1991)

– Iltalehti 17.4.1991, “Helsinki pelaa ranskalaisten pussiin, Katokset ja niihin mainospaikat ilman tarjouskilpaa” (Helsinki doing a favor for the French, Bus shelters and their advertising with no competitive tendering)

– Helsingin Sanomat (HS) 18.4.1991, “Helsinki tilaa ranskalaisia bussikatoksia, Kaupunginvaltuusto väitteli 15 vuoden mainossopimuksen ehdoista” (Helsinki commissions French bus shelters, The City Council argued about the conditions of a 15-year deal)

– Hufvudstadsbladet (Hbl) 18.4.1991, “Maximedia fick 15-årigtt avtal” (Maximedia got a 15-year deal)

– Iltalehti (IL) 18.4.1991, “Helsinki menettää mainosmarkkoja 41 miljoonaa 15 vuodessa, Ranskalaischic astuu katukuvaan” (Over 15 years, Helsinki loses 41million in advertisement money. French chic enters the picture.)

– Kansan Uutiset 24.4.1991, “Helsingin ulkomainonta annettiin Maximedialle, Kaupunki menettää 60 miljoonan vuokratulo” (Outdoor advertising of Helsinki given to Maximedia, The City loses 60 million in rental income)

9.4.3 Web pages

– www.jcdecaux.com/ accessed at various times
– www.jcdecaux.fi/ accessed at various times
– other websites mentioned in footnotes

9.4.4 Reports

– Report by the Building Control Department of the City of Helsinki; Helsingin kaupunki, Rakennusvalvontavirasto (2005) *Ulkomainoslaitteiden nykytila ja tulevaisuuden suuntaviivat Helsingissä*. Työryhmän loppuraportti 10.05.2005. (Present state of outdoor advertising and future trends in Helsinki. Final report of the working group. 10 May 2005)

9.4.4 Interviews

- Tapio Sademies, Office Manager (has held a similar position already since 1968, and was awarded the honorary title of Economic Councillor in 2008), Real Estate Department, City of Helsinki, interview taped 7 March 2005, transcribed and partially translated into English
- Marjatta Raunila, Legal Advisor at the City Hall in the 1990s, City of Helsinki, interview March 2005

9.2.1 Photographs and non-participant observation by the author

- Hundreds of photographs about elements in the urban public
- Notes and observations published as listed under literature.

9.1 Illustrations

10 Literature

Alexander, Jeffrey C. (2006) The Civil Sphere. New York: Oxford University Press

Arendt, Hannah (1958/1998) *The Human Condition*. Second Edition, published 1998. Chicago & London: The University of Chicago Press

Arnold, Stephen J. and Eileen Fischer (1994) "Hermeneutic and Consumer Research" in *Journal of Consumer Research*, 21 (June): 55–70

Besley, Timothy and Maitreesh Ghatak (2006) "Public Goods and Economic Development" in *Understanding Poverty* by Banerjee, Abhijit Vinayak, Roland Bénabou and Dilip Mookherjee, eds. Oxford: Oxford University Press (pp. 285–302)

Bohigas, Oriol (1999) Ten points for an urban methodology, in *The Architectural Review*, Sept 1999 http://www.findarticles,com/p/articles/mi_m3575/is_1231_206/ai... [3.10.2005]

Bridge, Gary and Sophie Watson, eds. (2002) *The Blackwell City Reader*, Massachusetts, Oxford, Melbourne and Berlin: Blackwell Publishing Ltd (579 pages)

Bäcklund, Pia, Jouni Häkli & Harry Schulman, eds. (2002) *Osalliset ja osaajat. Kansalaiset kaupungin suunnittelussa*. Helsinki: Gaudeamus

Calhoun, Craig, ed. (1992). *Habermas and the Public Sphere*. Cambridge, Massachusetts and London: The MIT Press (498 pages)

Callway, Rosalie (2003) GATS and Local Government – Threat to Domestic Regulation? Network 2015, September 2003, London: Stakeholder Forum for Our Common Future

Castells, Manuel (1997) *The Information Age: Economy, Society and Culture, Volume II – The Power of Identity*, Massachusets: Blackwell Publishers Inc.

Certeau, Michel de (1980/1984) *The Practice of Everyday Life*. Berkeley: University of California Press (quoted in Bridge and Watson 2002)

Deloitte (2006) *Closing the Infrastructure Gap: The Role of Public–Private Partnerships*. Published on the Deloitte website and with a link from the European Urban Knowledge Network e-newsletter.

Denzin, Norman K. and Yvonna S. Lincoln (2003) "Introduction: The Discipline and Practice of Qualitative Research", in Dentzin, Norman K. and Yvonna S. Lincoln (eds.), *The Landscape of Qualitative Research*, Theories and Issues. Second Edition. London: Sage, 1–45

Dyer, Jr. W. Gibb and Alan L. Wilkins (1991) "Better stories, not better constructs, to generate better theory: a rejoinder to Eisenhardt" in *Academy of Management Review* 1991 Vol. 16, No 3, 613–619

Eemeren, Frans H. van, Rob Grootendorst, Francisca Snoeck Henkemans et al (1996) *Fundamentals of Argumentation Theory. A Handbook of Historical Backgrounds and Contemporary Developments*. Mahwah, New Jersey: Lawrence Erlbaum Associates, Publishers

Eisenhardt, Kathleen M. (1989) "Building Theories from Case Study Research" in *Academy of Management Review*, 1989, Vol 14, No 4, 532–550

Elliott, Richard & Jankel–Elliott, Nick (2003) "Using ethnography in strategic consumer research." *Qualitative Market Research*, vol. 6, 4: 215–223.

Epstein, Gerald (2005) Financialization and the World Economy, PERI Publications http://bazookadog.com/Publication.236+M5bff60ea822.0.html

Eriksson, Päivi and Anne Kovalainen (2006) "Case Study Research in Business Studies" in *Qualitative Research Methods in Business Studies*, London: Sage Publications

Eräsaari, Leena (2002) *Julkinen tila ja valtion yhtiöittäminen*. Tampere: Gaudeamus

Eräsaari, Leena (2008) "Laittoman valtion synty." (Manuscript for an article, unpublished)

Eskola, Jari and Juha Suoranta (2003, 6. edition, 1. p. 1998) *Johdatus laadulliseen tutkimukseen*. Tampere: Vastapaino (266 pages)

Florida, Richard (2002) *The Rise of the Creative Class. And How It's Transforming Work, Leisure, Community and Everyday Life*. New York: Basic Books.

Frampton, Kenneth (1983), "Towards a Critical Regionalism: Six Points for an Architecture of Resistance", in *The Anti–Aesthetic. Essays on Postmodern Culture*, edited by Hal Foster, Port Townsen: Bay Press

Friedman, Thomas L. (2000) *The Lexus and the Olive Tree*, New York: Anchor Books, Random House (updated edition, originally published 1999, New York: Farrar, Straus Giroux)

Galbraith, John Kenneth (1977), *Epävarmuuden aika* (The Age of Uncertainty.) Finnish translation by Markku Pietinen and Tom Nordman. Porvoo: WSOY

Global Water Partnership (GWP) (2003) *Dialogue on Effective Water Governance – Learning from the Dialogues.* A status report prepared for presentation at the 3rd World Water Forum in Kyoto, Japan

Goodpaster, Kenneth E. and Matthews, John B. Jr. (2003) Can a Corporation have a Conscience? Article in *Harvard Business Review on Corporate Responsibility*, Boston: Harvard Business School Publishing Corporation. Originally published in 1982.

Guislain, Pierre (1997) *The Privatization Challenge, A Strategic, Legal, and Institutional Analysis of International Experience.* Washington, D.C.: The World Bank (Regional and Sectoral Studies)

Habermas, Jürgen (1962/1991) *The Structural Transformation of the Public Sphere: An Inquiry into a Category of Bourgeois Society*, Cambridge, Mass.: The MIT Press, Originally published as Strukturwandel der Öffentlichkeit (1962), Darmstadt: Hermann Luchterhand Verlag. English translation 1989.

Hall, Alan (2003). Note on the status of the implementation of FWA report after Kyoto. Unpublished internal memo. Stockholm Water Week, August 2003.

Hall, David (2002). *The Water Multinationals 2002 – financial and other problems*. London: Public Services International PSI

Hall, Stuart (1992) "The West and the Rest: Discourse and Power" in Hall, S. and B. Gieben (eds.) *Formations of Modernity*, London: Sage/The Open University, 275–320

Hammersley, Martyn (1981) "Using Qualitative Methods". *Social Science Information Studies*, 1: 209–220

Harvey, David (1997) "Contested Cities. Social process and spatial form." In *Transforming Cities. Contested governance and new spatial divisions*. Nick Jewson and Susanne MacGregor, edts. (pp. 19–27) London: Routledge

Harvey, David (2003) "The Right to the City". In *International Journal of Urban and Regional Research*. Volume 27.4 December 2003, pp. 939–41

Harvey, David (2005) A *Brief History of Neoliberalism*. Oxford: Oxford University Press

Hibou, Béatrice (ed.) (1999, 2004) *Privatising the State*. Paris: Editions Karthala (1999), London: C. Hurst & Co. (Publishers) Ltd. (2004) (261 pages)

Hood, Christopher (1995) "The 'New Public Management' in the 1980s: Variations on a theme" in *Accounting, Organizations and Society*, Vol. 20, No. 2/3, pp. 93–109. Pergamon

Jacobs, Jane (1961) *The Death and Life of Great American Cities*. New York: Random House

Jacobs, Jane (1984) *Cities and The Wealth of Nations, Principles of Economic Life*. New York and Toronto: Random House (257 pages)

Jacobs, Jane (2004) *Dark Age Ahead*. New York and Toronto: Random House (241 pages)

Kaul, Inge, Pedro Conceicäo, Katell Le Goulven, Ronald U. Mendoza, eds. (2003) *Providing Global Public Goods: Managing Globalization*, New York: Oxford University Press (646 pages)

Krauth, Volker (2001) *Wieviel zahlt unsere Kommune für den Autoverkehr?* Freiburg: ICLEI-Europasekretariat GmbH

Krier, Robert (1979) *Urban Space*. London: Academy Editions (Original in German in 1975)

Kurg, Andres, Rob Shields (2004) Knowing the city, interview with Rob Shields, *Eurozine*, http://www.eurozine.com/articles/2004-07-02-shields-en.html [17.10.2006]

Landry, Charles (2000) The Creative City – A Toolkit for Urban Innovators. London: Earthscan Publications Ltd.

Langhorne, Richard (2001) *The Coming of Globalization, Its Evolution and Contemporary Consequences*. Hampshire and New York: Palgrave

Lapintie, Kimmo (1998) "Analysing and evaluating argumentation in planning", in *Environment and Planning B: Planning and Design*, 1998, volume 25, 187–204

Lapintie, Kimmo (2001) "Suunnitteluargumentaation analyysi ja arviointi," in *Yhdyskuntasuunnittelu*, 2001, Vol. 39:1, 4–25

Lapintie, Kimmo (n/a) "Modalities of Urban Space." Unpublished paper presented at Helsinki University of Technology in 2006.

Lefebre, Henri (1970, 2003) *The Urban Revolution*. (Originally published in French under the title *La Révolution urbaine* in 1970) Minneapolis: University of Minnesota Press

Low, Setha and Neil Smith, ed. (2006) *The Politics of Public Space*. London and New York: Routledge

Lynch, Kevin (1960) *The Image of the City*. Cambridge: M.I.T. Press

MacKeith, Peter (2005) *The Dissolving Corporation. Contemporary architecture and corporate identity in Finland.* EVA report. Helsinki: Taloustieto Oy

Mennola, Erkki (1991) Euroopan todelliset vaikuttajat, Helsinki: VAPK-kustannus

Mizruchi, Mark S. and Lisa C. Fein (1999) "The Social Construction of Organizational Knowledge: A Study of the Uses of Coercive, Mimetic, and Normative Isomorphism." *ASQ*, December 1999

Mitchell, William J. (1995) *City of Bits: Space, Place, and the Infobahn.* Massachusetts Institute of Technology: The MIT Press

Mitchell, William J. (2000) *e-topia: "Urban life, Jim – but not as we know it"*, Massachusetts Institute of Technology: The MIT Press

Moisander, Johanna and Anu Valtonen (2006) "Writing Cultural Research", in *Qualitative Marketing Research: A Cultural Approach*, London: Sage Publications

Norberg–Schulz, Christian (1980) *Genius Loci: Towards a Phenomenology of Architecture.* New York: Rizzoli

Oates, Joyce Carol (1981) Imaginary Cities: America, in Jaye, M.C. and Chalmers Watts, A. (eds.) Literature and the American Urban in Jaye, M.C. and Chalmers Watts, A. (eds.) *Literature and the American Urban Experiences*. Manchester: Manchester University Press (Quoted in Bridge and Watson, 2002)

Patomäki, Heikki (2007) Uusliberalismi Suomessa. Lyhyt historia ja tulevaisuuden vaihtoehdot. Helsinki: Werner Söderström Osakeyhtiö

Rogers, Richard (1999) *Towards an Urban Renaissance*. Report of the Urban Task Force. London: HMSO

Rossi, Aldo (1982) *The Architecture of the City*. Cambridge, Mass.: The MIT Press. (Translation of: L'architettura della citta. First Italian edition in 1966.)

Rossman, Peter and Gerard Greenfield (2006) "Financialization: New routes to profit, new challenges for trade unions." *Labour Education*, the quarterly review of the ILO Bureau for Workers' Activities 1/2006 (No. 142)

SAM Sustainable Asset Management (2005) Sustainable Water Fund. www.samgroup.com [17 May 2005]

Sassen, Saskia (2001) *The Global City*. New York, London, Tokyo (Second Edition), Princeton: Princeton University Press

Sassen, Saskia (2006) *Territory, Authority, Rights: From Medieval to Global Assemblages*. Princeton and Oxford: Princeton University Press

Schedler, Kuno and Isabella Proeller (2002) The New Public Management, A perspective from mainland Europe, Chapter 10 in *New Public Management: New Trends and Future Prospects*, Kate McLaughlin, Stephen P. Osborne, Ewan Ferlie (eds.), London: Routledge

Schneider, Volker, Simon Fink and Marc Tenbücken (2005) "Buying Out the State. A Comparative Perspective on the Privatization of Infrastructures" in *Comparative Political Studies* 2005: 38, 704. Online version http://cps.sagepub.com: Sage Publications

Schwandt, Thomas A. (2000) "Three Epistemological Stances for Qualitative Inquiry: Interpretivism, Hermeneutics, and Social Constructionism," in Dentzin, Norman K. and Yvonna S. Lincoln (eds.) *Handbook of Qualitative Research*. London: Sage, 189–213.

Sclar, Elliott D. and Richard C. Leone (2000) *You Don't Always Get What You Pay For: The Economics of Privatization*. Cornell: Century Foundation Books

Scott, Richard W. (2003) *Organizations – Rational, Natural, and Open Systems*. Fifth Edition. London: Pearson Education

Sennett, Richard (1974) *The Fall of Public Man*. New York: Norton (Chapter quoted in Bridge and Watson 2002)

Swyngedouw, Erik (n/a) "The Specter of the Phoenix. Reflections on the Contemporary Urban Condition." in (n/a), pp. 104–121

Tainio, Risto (2003) Financialization of Key Finnish Companies. *Nordiske Organisasjons-Studier*, 5, 2, pp. 61–86

Taipale, Kaarin (2002) Everyday reality of Glocalization – localization within a global framework, in *Arkkitehti – The Finnish Architectural Review* 3/2002

Taipale, Kaarin (2004) *Local and Global, The Role of Local Government in a Sustainable World*. Helsinki: City of Helsinki Urban Facts

Taipale, Kaarin (2005) Local and Global: The Role of Local Government in a Sustainable World. Article in *Global Urban Development Magazine*, Vol. 1, Issue 1, May 2005. http://www.pragueinstitute.org/Issue1PIMag05/MagHome.htm

Taylor, Brian D. (2003) "Book Review: You Don't Always Get What You Pay For: The Economics of Privatization, by Elliott D. Sclar. Ithaca, NY: Cornell University Press. 2000." In *Journal of Planning Education and Research* 2003; 22; 315. Online http://jpe.sagepub.com: Sage Publications

Taylor, Nigel (1998) *Urban Planning Theory since 1945*, London: Sage

United Nations (2003). Cardoso Panel documents, www.un.org/reform/panel.htm [11 September 2004]

– UNGA A/57/387 Strengthening of the United Nations: an agenda for further change, Report of the Secretary-General (57th session of the General Assembly, Item 53 of the provisional agenda, Strengthening of the United Nations system)

– UN System and Civil Society – An Inventory and Analysis of Practices, Background Paper for the Secretary-General's Panel of Eminent Persons on United Nations Relations with Civil Society, May 2003, by John Clark and Zehra Aydin.

– Civil Society and Global Governance, Contextual paper prepared by the Panel's Chairman Fernando Henrique Cardoso (High Level Panel on UN–Civil Society, Spring 2003)

Walton, Douglas N. (1998) The New Dialectic: Conversational Contexts of Argument. Toronto, Buffalo, London: University of Toronto Press

Venturi, Robert, Steven Izenour and Denise Scott Brown (1972) *Learning from Las Vegas, The Forgotten Symbolism of Architectural Form*. Cambridge MA

Winpenny, James (2003) *Financing Water For All*. Report of the World Panel on Financing Water Infrastructure, Chaired by Michel Camdessus, published during World Water Forum 3 in Kyoto, March 2003

Wolcott, Harry (1995) "Making a Study 'More Ethnographic'" in Van Maanen, John (ed.) *Representation in Ethnography*. London, Sage, 79–111.

Yin, Robert K. (2003) *Case Study Research, Design and Methods*. Third Edition. Applied Social Research Methods Series, Volume 5. London: Sage Publications

Zetter, Roger and Mohamed Hamza, eds. (2004) *Market Economy and Urban Change – Impacts in the Developing World*. London: Earthscan

Zukin, Sharon (1991) *Landscapes of Power*, University of California Press (Chapter quoted in Bridge and Watson, 2002)